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BRITISH FOOD SUPPLIES, 1914-1939

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I

THE increasing dependence of the United Kingdom on imported foodstuffs is one of the commonplaces of the economic history of the nineteenth century. The general reasons for it are familiar, too; on the one hand, the growth of industry and population, on the other the rise of new food producing areas overseas which made grain production at home uneconomic under free trade conditions. During the forty years before 1914 British agriculture underwent a change in emphasis.¹ The total area farmed remained stationary, but the grain acreage fell by some three millions, of which nearly two was in wheat; the wheat acreage in fact was halved during the period. The corresponding increase in grassland carried with it a growth in cattle numbers, i.e. from 10-12 millions; but the number of sheep fell by 12 %, and that of pigs remained almost stationary. The increase in meat and milk production was scarcely commensurate, perhaps, with the fall in grain, but even had it been, the change was bound to mean a decrease in the output of food from home agriculture, measured in calories. Moreover, in 1871 the population of the United Kingdom was 31 millions, in 1911 45 millions. The extent to which we had become dependent on foreign food during those forty years is startling. Though the competition of imported wheat may have hastened and deepened this change, it was in essence an inescapable result of the growth of population. Even if we assume that average standards of food consumption did not improve during this period, a 50 % increase in numbers meant a comparable increase in demand for foods. Some of these—cereals and sugar—could or must be imported; fresh meat,² milk and vegetables (the 'protective foods'), had to be grown at home until methods could be devised of carrying them long distances without deterioration.

¹ From the point of view of farming technique, this represented a decline. For details see, for example, J. H. Clapham, *Economic History of Modern Britain* (Cambridge, 1938), vol. III, ch. II, and Sir George Stapledon, *The Land* (1935).

² From the 1890's onwards a considerable quantity of frozen beef and mutton was imported. Its quality, however, was poor.

Failing revolutionary increases in the output of home agriculture, therefore, a large scale shift from crops to livestock had to take place; and since livestock farming is less efficient, from the point of view of calorie output, than the growth of crops for direct human consumption, our dependence on imports of basic foodstuffs increased in much more than direct ratio to the increase in our population. Moreover, the livestock themselves were partly dependent on imported feed grain and milling offals from imported wheat. Over the five years 1907-11 the United Kingdom produced 19 % of its breadstuffs and 56 % of its meat; we had become, in a contemporary writer's phrase, 'a nation of self-suppliers for the week-end only'.¹

The Great War of 1914-18 altered this picture only temporarily, and then only to a very limited extent. The first two war harvests (1915 and 1916) showed no significant change either in crops or livestock; even in 1917 the only considerable increase in production was in potatoes. In 1918 the food production campaign at last got under way; nearly 2 million acres were ploughed up. Most of the new-broken pasture was devoted to oats, which mainly goes for animal feed, even under war conditions. But so much existing arable was thereby released for wheat that the harvest for 1918 exceeded the pre-war average by nearly 60 % though the yield was only slightly (3 %) higher than normal. This was achieved without any certain damage to livestock production, whose fall must be attributed rather to a shortage of imported concentrated feeds. Even so great an effort, however, only meant an increase in the total calorie output amounting to 24 % of pre-war; in 1918 home-grown food amounted to 42 %, instead of 34 % of the total pre-war requirements; 25 % instead of 20 % of breadstuffs. This was by no means enough to beat the submarine; drastic rationing of meat, fats and sugar, and an increase in the extraction rate of flour to well over 90 % were necessary. Moreover, after the armistice there was a rapid reversion to grass, even before the 'betrayal', as farmers called it, of 1921, when the government abandoned the policy of guaranteed prices for crops embodied in the Corn Production Act of 1918. In the early post-war years this trend continued; the area in Great Britain under 'corn crops' and 'green crops', which had been some 12 millions in 1918, was below 10 millions in 1923 and below 9 millions in 1926.² The wheat acreage, which had been 1.7 millions in 1913, had got back to that figure by 1923, and was to sink still further—to 1.2 millions by 1931. Moreover, in contrast with the pre-war years, the number of livestock remained virtually stationary. Here were the symptoms, it seemed to contemporaries, not of healthy change, but downright decline.

The specific direct effects of the war on British agriculture may have been small; its indirect effects were very considerable. For it ushered in a period of acute agricultural depression the world over, both by distorting the established patterns of trade and by producing, in Europe more

¹ T. H. Middleton, *Food Production in War* (1922). The figures in this paragraph are taken from chapter v.

² Figures from Middleton, *op. cit.* and the *Statistical Abstract* for 1933.

particularly, political conditions which prevented them returning to normal. The two basic foodstuffs for which this was most conspicuously true are wheat and sugar. Great Britain has for long been the world's most important consumer of wheat, and the Liverpool futures market the most sensitive index of the world wheat trade. Although what are now known as the 'big four' wheat exporting countries—Canada, the United States, Argentina and Australia—were all conspicuous in the United Kingdom market before 1914, no supplier was more important than Russia. It seems likely that even without war and revolution, wheat exports from Russia would have declined with the progress of industrialization; but be that as it may, war cut off abruptly not only Russian, but ultimately also Danubian wheat supplies. The stimulus to extra-European wheat acreages was tremendous; that of Canada rose from 10 to 15 millions, of Australia from 6 to 12 millions, of the Argentine from 14 to 16 millions. Even so, the shortage of wheat was such that the United Kingdom had to resort in 1917-18 to long extraction of flour and its dilution with imported, as well as home grown, coarse grains; a procedure wasteful of shipping, in as much as the proportion of such grains that can be made into flour is much less than that of wheat.¹

For several years after the armistice world trade in wheat continued at a high level, encouraging further increases in acreages in the exporting countries. The Russian Revolution appeared to have eliminated the principal European exporter for good; but agriculture elsewhere in Europe recovered very quickly from the war; indeed, under the stimulus of protective measures, production in those countries which had before the war been importers of wheat was stepped up on security or other grounds. Hence by 1928 the world wheat supply had outrun demand, and the consequent fall in price had failed either to stimulate consumption or to cause acreage reduction. A bumper world harvest in 1928 caused a further piling up of stocks; and the Wall Street financial crash of 1929, and the subsequent economic depression, found the wheat market in an already unhealthy state. In the cereal year 1930-1 the average price of wheat imported into the United Kingdom had fallen to 26s. *od.* a quarter, as against 42s. 9d. the year before, and 59s. 2d. at its peak in 1924-5. It was to fall still lower in subsequent years, despite the devaluation of sterling; the bottom of the trough was reached in 1933-4, at 19s. 3d. (or about 13s. *od.* in terms of gold).²

Much the same story is true of sugar, whose economic history was, however, earlier complicated by politics. As far back as 1903 the Brussels Convention attempted to apportion the world market between the tropical, low cost, cane-sugar producers on the one hand, and the artificially fostered beet-sugar production of Europe and the United States on the other. The

¹ *First Report of the Royal Commission on Wheat Supplies* (1921) [Cmd. 1544].

² Paul de Hevesy, *World Wheat Planning* (1940); J. W. F. Rowe, *Markets and Men* (1936); Robert F. Martin, *International Raw Commodity Price Control* (1937). Every aspect of wheat economics has been exhaustively covered by the *Wheat Studies* of the Food Research Institute, Stanford University.

initiative in negotiating the Convention (which abolished direct export bounties and set a limit of 2s. 6d. a cwt. on other state assistance) came from the United Kingdom, the principal consumer of imported sugar and the seat of its most important international market. But the war of 1914-18 upset this equilibrium overnight. Great Britain, which had drawn 54 % of its supplies from Germany and Austria-Hungary, much of it in the form of refined sugar, was forced to rely entirely on overseas cane sugar. Shortage of shipping, moreover, dictated that most of this should be imported from the West Indies, and not from the more distant East Indies. Despite drastic sugar rationing in almost all Allied countries, therefore, the demand for Cuban sugar in particular was such as to encourage new planting on a large scale. In 1918 Cuba produced 4 million tons, compared with about 2 millions before the war.

After a short-lived boom in 1919-20, when raw sugar reached the fantastic price of 10d. a pound, the market broke abruptly. (One of the instruments in breaking it was the reduction of the sugar ration in the United Kingdom to 4 oz. per week.) The price settled down at about 2d., which was still reasonably profitable to most Cuban producers and still more profitable to Java, where costs were lower. Acreage under cane therefore continued to increase; but meantime the European beet industry had revived behind tariff walls whose height was no longer restrained by the Brussels Convention. World production, which had amounted to about 18 million tons before the war, falling to 15 millions in 1919-20, reached 20 millions in 1923-4 and 23 millions in 1924-5. Cuba thereupon embarked on a policy of acreage restriction, which lasted four years, but since it found no imitators, could not prevent a continual rise in world production. It was abandoned in 1929 in time for an exceptionally favourable world season—production reached 27 million tons—and the Wall Street crash.

Great Britain, the principal architect of the Brussels Convention, had not been slow to take advantage (if advantage it can be called) of its demise. Various attempts to establish a sugar-beet industry in this country before the war had failed; but one, an Anglo-Dutch enterprise at Cantley, in Norfolk, had retained sufficient vitality to be reopened in 1920. Another factory was opened, with some government assistance, in 1922; and in that year the government remitted the excise duty on home-produced sugar, thus giving it a concealed subsidy of 25s. 8d. per cwt., or more than ten times the maximum permitted by the Brussels Convention. That year was the first in which the Cantley factory showed a profit; and it marks the establishment of a very tough vested interest. When the excise duty on sugar was reduced, in 1924, a subsidy on a diminishing scale was promised for ten years, a promise embodied in the British Sugar Subsidy Act of 1925. This Act provided for a subsidy at the rate of 19s. 6d. per cwt. till 1928, 13s. from 1928-31, and 6s. 6d. from 1931-4. The industry thus brought into existence was, by any criterion except that of military security, wholly superfluous;¹ and its creation had the effect of nullifying the relief to a

¹ *Report on the Sugar-Beet Industry* (1931) (M.A.F. Economic Series, No. 27); *Report of the United Kingdom Sugar Industry Inquiry Committee* (1935) [Cmd. 4871].

glutted world market which the natural expansion of sugar consumption in the United Kingdom would otherwise have brought about.

The war occasioned another change in the British sugar industry—a great expansion of refining to meet the loss of refined sugar imports from Europe. The Budget of 1928 introduced a first measure of protection to the enlarged industry, now largely under the control of one large company, Tate and Lyle, by reducing duty on imported raw sugar by 2s. 4d. a cwt.—a concession which was passed on to the consumer. Many of the new subsidized beet factories did their own refining of home-grown raw sugar and some reduced their overhead costs by importing raw sugar for refining in the off-season for production from beets, in competition with Tate and Lyle. Thus the sugar subsidy created a large surplus of refining capacity—estimated by the Greene Committee at almost twice requirements. The conflict between the factories and the refiners was settled in 1933 by an Industrial Agreement fixing refining quotas to the various competitors. Nevertheless, the existence of this refining surplus represented a potential safeguard against abuse of what would otherwise have been a virtual monopoly.

Other food industries also saw a great growth in large-scale enterprises. Flour milling was dominated by two great combines, Ranks and Spillers, whose only serious rival was the Co-operative Wholesale Society. In 1929 the big 'capitalist' millers set up the Millers' Mutual Association to regulate output and (through a subsidiary company) to buy up and close down milling capacity deemed redundant. There was some complaint that the millers had attempted, at any rate in some districts, to prevent bakers from selling bread below the Food Council's standard price by threatening to cut off their flour supplies. Against any general attempt at price-fixing by a monopoly, however, were the competition of the C.W.S., of flour importers, and the general tendency of bread consumption to decline. Favouring price-fixing, on the other hand, was the notorious lack of elasticity in demand for bread. Lever Brothers and Unilever occupied a similarly commanding position in the oils and fats industry; its ramifications were, indeed, world-wide. But here again very real competition was forthcoming from both the C.W.S. and the British subsidiaries of Unilever's great American rival, Proctor and Gamble.¹ South American meat imports, which are carried mainly by six large companies working in close association, perhaps came nearer to being dominated by a ring than any other. Even so, a limiting factor on abuses in price-fixing was the competition of mutton and lamb from the southern Dominions. In the field of distribution, while there has been some tendency toward combination (e.g. the United Dairies and multiple grocers such as the Allied Suppliers group), the characteristic feature of food distribution remained the multiplicity of small shops, often kept in being by the price-fixing activities of individual manufacturers or trade associations. The growing practice of 'pre-packing' foodstuffs at the factory or by the wholesaler, producing a

¹ See A. F. Lucas, *Industrial Reconstruction and the Control of Competition* (1937).

standard line at a standard price, in effect assisted the inefficient or unskilled retailer to keep his head above water. Indeed, it might be argued that the most urgent problem here was that of frustrated competition, by which a large number of uneconomic units were artificially kept alive. At the other end of the distributive chain, the operations of the organized markets in grain, sugar, oils and oil-seeds, and tea remained largely unimpaired; it was still rare, though decreasingly so, for the large organizations (other than the C.W.S., which did so on principle) to buy their supplies direct in the country of origin. Great Britain retained a considerable entrepôt trade including many cargoes which never touched her shores; the invisible exports both from this source and from the insurance, shipping, and other commissions that went with it, cannot but have been very considerable.

II

The Great War and the recrudescence of economic nationalism had between them reduced the world markets for two staple foodstuffs to confusion even before the great slump, affecting all primary products and manufactured goods alike, set in. (Another, coffee, was in a similar position, but the United Kingdom's interest in the coffee market is negligible.) The slump affected other foods such as oils and fats, and dairy produce, the markets for which had hitherto been reasonably healthy; it greatly stimulated the movement towards international restriction schemes operated in the interest of the producers; and at the same time it caused consuming countries, particularly in Europe, to raise their tariffs on imported food, whether as a defence against 'dumping' or on balance of payment grounds. In Britain, it brought into power a government most of whose members were protectionist in principle, and all of whom were prepared to abandon free trade as an emergency measure. The year 1931 is thus a turning-point in British food policy.

The international restriction schemes can be dealt with very briefly, since most of them either came rapidly to grief, or were rendered inapplicable by the outbreak of the Second World War. By the International Wheat Agreement of 1933 the exporting countries accepted fixed export quotas for the next two years; the 'big four' agreed to reduce acreage by 15 %. Importers for their part undertook not to increase their home production, to encourage wheat consumption, and to remove import duties on wheat when the world price should have recovered. The Agreement did not run even for its initial two years, for Argentina, pleading that Canada had not fulfilled her promise to reduce acreage, exceeded her export quota in 1933-4. The scheme had in fact fatal weaknesses, notably the extreme difficulty of bringing about acreage reduction, either by administrative action or by a fall in price, and the impossibility of policing the quota system without the co-operation of the importing countries. The effects of its collapse, however, were for a time mitigated by a series of bad harvests in Canada, the United States and Argentina. Not till 1938, when the world crop was a record for all time, were negotiations set on foot for

a new and more rigid agreement, and war broke out before it could come into effect. It seems unlikely that it would have been more successful than its predecessor.

The so-called Chadbourne Agreement for sugar, signed in May 1931, was less comprehensive and no more effective; for though it included all the chief exporting countries, who imposed on themselves very drastic production restraints, countries outside the agreement, notably the British Empire and the United States, increased their production so much that the free market price continued to fall; the net reduction in world output was too small to offset the depressing effect of large stocks. In 1937 a more comprehensive International Sugar Agreement was concluded: importing countries undertook to allocate quotas to individual supplying countries; export quotas to the 'free market' (i.e. that part not covered by import quotas) were to be allocated by an International Sugar Council, representing all the governments concerned. There were also provisions for controlling exporting countries' stocks and for the transfer of their quotas by agreement. No positive measures were proposed for reducing or eliminating the production of subsidized beet-sugar; the United Kingdom had, however, already undertaken to limit the extent of her assistance to home-grown sugar. The Agreement had only run for two years when war broke out; unlike the Wheat Agreement, it appears to be workable, but is open to economic objection since it tolerates the existence of a large and uneconomic sugar industry sheltered by tariff walls. Other foodstuffs entering into international trade can be dealt with more briefly. Tea, which had encountered similar but less extreme vicissitudes between 1919 and 1931, also came under international regulation in 1933, when representatives of the tea trades of India, Ceylon and the Netherlands Indies set up the International Tea Committee, which established export quotas to be policed by the governments concerned. Tea lends itself, for various reasons, to regulation of this kind, and the policy of the I.T.C. was not unreasonably restrictive. 'The commercial tea industry has enjoyed greater stability than before, the conditions of estate labour seem to have been improved and ultimate consumers of tea have not been significantly harmed, but there has probably been some loss in the industry's productive efficiency.'¹ Dairy produce, bacon, and oils, oil-seeds and fats, remained free from any producers' restriction scheme. In general, indeed, it may be said that during the whole period the United Kingdom consumer was as favourably placed as he had ever been for obtaining cheap imported food in quantity. Any restrictions on his ability to do so were due to the policy of the British government.

That policy, after 1931, was in principle contradictory (since it embraced agricultural protectionism and Empire preference); in practice, cautious, piecemeal, and uncoordinated. So far as food was concerned, the important aspect of Empire preference was not so much that it increased the costs of imports—though in some cases, of which meat is by far the most important,

¹ V. D. Wickizer, *Tea Under International Regulation* (Food Research Institute, Stanford University, 1944).

it may have done so; but that it limited the extent of the protection afforded to home agriculture. Thus the direct tariffs imposed on various foreign foodstuffs¹ in order that Empire products might be granted preferential treatment, often by admission to the free list, were more significant as a breach with tradition than in their effect on import prices, particularly at a time of depression. Meat imports were subject to voluntary or compulsory quota restrictions from 1933 onwards, and from 1937 the supply of beef to the United Kingdom was regulated by the so-called International Beef Conference, representing the United Kingdom and the supplying countries. The effect was to grant Australia and New Zealand a share of about 10 % in the United Kingdom market for chilled beef, at the expense of Argentina. Similar arrangements were made for frozen beef, mutton and lamb. Total meat imports remained almost stationary during this period, and the effect of the quota restrictions on prices is not clear. At all events, it was thought necessary to subsidize home-bred fat cattle produced from 1934 onwards; in 1939 a similar subsidy was granted to fat sheep and lambs. (The import of lamb, particularly from Empire countries, sharply increased after 1930.)

These various protective measures were accompanied by, not to say disguised as, a series of *soi-disant* reforms in agricultural marketing.² As early as 1924 the Linlithgow Committee on the Distribution and Prices of Agricultural Produce had recommended drastic reforms in distribution, with a view to reducing the 'spread' between producers' and consumers' prices. These reforms included, but did not end with, proposals that producers should themselves improve the conditions under which their produce was marketed. In 1931 the Labour Government introduced an Agricultural Marketing Act empowering producers of milk, potatoes, hops, wool, cereals, cheese and livestock to prepare schemes, with the approval of the Minister of Agriculture, for the compulsory regulation of the marketing of that product. The only scheme to be introduced under this Act was one for hops; it was not until an additional Act, providing for the regulation of imports of any commodity controlled by a marketing scheme, was passed in 1933 that schemes began to increase and multiply wholesale. In that year were established the Pigs, Bacon, and English Milk Marketing Boards; 1934 saw a Potato Marketing scheme; in 1935 the pigs and bacon schemes were reorganized and a Herring Industry Act passed; in 1936 the sugar industry was placed by Act under an independent Sugar Commission; in 1937 the Livestock Commission was established, and in 1938 the Bacon

¹ They included wheat, eggs, dairy produce, honey, maize, chilled or frozen salmon and rice. For most of these the Empire was already the most important source of supply.

² There is a multitude of official papers on the various marketing schemes, and the references here given do not pretend to be exhaustive. A useful guide is G. Walworth, *Feeding the Nation in Peace and War* (1940). Shorter, and less reliable, is *Trade Regulations and Commercial Policy of the United Kingdom* (Cambridge, 1943), which hardly comes up to the standard one is entitled to expect from the National Institute of Economic and Social Research. Also useful is Charles Smith, *Britain's Food Supplies* (1940).

Industry Act reorganized once again the pigs and bacon schemes. A revised scheme for milk, and a new scheme for poultry, fell through, the former through trade and producer opposition, the latter because of the outbreak of war.

None of these schemes could be said to have achieved an established form by 1939, and they varied in constitution and comprehensiveness. But they all were characterized by an indifference to the interest of consumers; indeed, their sole purpose was to improve the bargaining position of farmers *vis-à-vis* manufacturers, the distributive trades and the public. The potato scheme alone can claim to have improved the position of the grower without obvious harm to the consumer.¹ For milk, the minimum retail price provision inserted in the English Board's contracts hindered the fall in distributive costs which competition might otherwise have brought about.² Consumption of liquid milk remained almost stationary while an increasing amount was diverted to manufacture. The bacon arrangements were particularly vicious from the consumer's point of view, inasmuch as they were accompanied by a quota limitation on imported bacon which resulted in Denmark, our chief overseas supplier, getting the same price for a much reduced supply. Moreover, the supply of home-produced bacon did not increase commensurately with the reduction in imports, partly because of the competition of the uncontrolled market for pork pigs. A revised scheme embodied in the Bacon Industry Act of 1938 had not enjoyed a full year's working when war broke out.

The Wheat Act of 1932 and the Sugar Industry (Reorganization) Act of 1936 introduced schemes in which the reorganization of marketing was merely ancillary to a subsidy. The Wheat Act provided for a standard price for home-grown millable wheat to be fixed by the Minister of Agriculture from time to time (initially it was to be 10s. a quarter) and for a deficiency payment to be made to growers equal to the difference between this standard price and the average market price realized by such wheat during any given year. The funds to meet it were raised by a levy on all flour, whether home-produced or imported, used in the United Kingdom. The scheme was administered by a Wheat Commission, representing all branches of the trade. There was a further proviso limiting the amount of wheat on which deficiency payments would be calculated in any given year, and since this amount (at first 1.35 million tons, later, under the threat of war, increased to 1.8 million) was small compared with wheat imports, the tax on flour was relatively small and moreover varied inversely with the price. Thus if flour prices were such as to justify a 7d. quartern loaf, the quota payment would bring it up to 8d. but would diminish with rising flour prices so that a 10d. quartern loaf would carry

¹ High potato prices in 1935-8 are attributable, not to any restriction, but to a series of sub-normal crop yields. Cf. the analysis in Walworth, *op. cit.* with the *suggestio falsi* in *Trade Regulations of the United Kingdom* (*op. cit.*), p. 105.

² See, for example, the *Report of the Committee on cost of Milk Distribution* (1940). Experts on nutrition appear to attach special importance to milk being consumed as such.

no tax at all. The scheme had the further advantage that it did not discourage quality production or enterprise in marketing, inasmuch as deficiency payments were paid on average market prices, and it continued to be the farmer's interest to get the best price he could. It is generally considered to have achieved its object, namely the restoration of the wheat acreage to its 1913 level. In fact, however, this increase seems to have been largely at the expense of barley and oats; the acreage under corn crops as a whole remained virtually stationary. Nor is it difficult to find reasons why this should be so; for government encouragement was being given to meat and milk production simultaneously. Wheat production was being made certainly profitable compared with that of other grains, less certainly so compared with livestock. In 1937 an attempt was made to end this discrimination between grains by introducing similar deficiency payments for barley and oats; but war supervened before this new measure could be appraised.

As the ten-year period of the sugar subsidy was approaching its end, the government appointed an *ad hoc* committee to inquire into the sugar industry under the chairmanship of Mr Wilfred Greene, K.C. With one dissentient the Committee recommended the end of the subsidy, though it also made proposals for reforming the whole industry should the subsidy be continued. The government rejected the Committee's main recommendation 'on agricultural grounds', but accepted its proposals for reform in general. The chief of these were the setting up of a Sugar Commission to supervise the industry and the amalgamation of the eighteen beet factories into a single British Sugar Corporation, having government nominees among its directors and financed to some extent by the Treasury. These arrangements appear to have secured some economy in the working of the scheme; moreover, the amount of home-produced sugar on which subsidy would be paid was limited. Nevertheless, the subsidy remained very expensive at about £700,000 a year, especially considering that its benefits largely accrued to a small group of East Anglian farmers. Once the Wheat Act had been introduced, even the agricultural case for subsidizing sugar beet, i.e. that it 'saved' arable farming, lost such weight as it had ever had.

The original sugar-beet concessions had proved in fact to be the first step down a slippery path of piecemeal measures that lasted till the eve of war. Particular crops were propped up by subsidies or tariffs because their producers were, or could plausibly claim to be, in difficulties; and as one section after the other obtained grants, so the claims of other suppliants became in equity difficult to resist. Whatever merits there might be in any particular measure, the policy taken as a whole had no merits, because it had no existence; behind all the mass of legislation between 1931 and 1939 there lay no positive conception of the part which agriculture ought to play in the national economy, or of the relationship of the various branches of agriculture to each other. The ingenuity and painstaking care which was put into framing and improving individual schemes, and the mental void that lay behind them, are each equally characteristic of legislators and administrators who had thrown *laissez-faire* overboard

in the economic storm without thinking first what to put in its place. Thus by 1939 the government had drifted into a position where it was committed to assist almost every branch of agriculture, including those which compete with each other. Milk and beef, breadstuffs and feeding grains, potatoes and sugar beet, all were by one means or another being guaranteed a livelihood at the taxpayer's or consumer's expense. No criterion was being applied which would allow the government, in return for its assistance, to give preference to this crop on defence, or that on nutritional grounds.

A whole-hogging protectionist policy was, fortunately for the consumer, ruled out by the fact that the greater part of our food supplies came from within the British Commonwealth or from countries like the Argentine, which were markets of long-standing for our exports. The circumstances in which protection was introduced, namely a catastrophic fall in world food prices, meant that the consumer's sufferings were more real than apparent. It is obviously not possible to say how far the rise in the food items of the cost of living index which occurred after 1933, was due to world recovery from the worst of the depression or to protection in this country. But the very smallness of home production in relation to imports, coupled with the fact that only in rare cases were tariffs or quotas adopted, makes it unlikely that assistance to agriculture was the major factor in the rise. (In any event, it was not until 1937 that the index reached its 1930 figure.) Britain, in short, had only a mild attack of economic nationalism; but none the less the disease showed every sign of becoming chronic. Moreover, the energy of successive governments in giving *pourboires* to the producer contrasted unfavourably with their supineness in tackling the problem of food distribution. Milk is a conspicuous example of this. Despite the recommendations of numerous committees of inquiry,¹ the complexity and expensiveness of the distributive machine was allowed to remain and indeed to increase. The argument that this was only in response to consumer demand was a hollow one; consumers were not asked whether they would prefer cheaper milk, or groceries distributed by the milk roundsman. It would be idle to deny that the reform of distribution was beset by pitfalls, not the least of which was the absence of reliable statistical information. But to say this is only to assert that the government between the wars tended to take the line of least resistance. Failure in this field would almost have been more creditable than inaction.

III

In the various measures of assistance to agriculture, considerations of defence seem to have played a minor role until almost the eve of war, when the raising of the tonnage on which wheat deficiency payments would

¹ E.g. the Linlithgow Committee itself (*Report on Distribution and Prices of Agricultural Produce* [1921]); the Grigg Committee (*Report of the Reorganisation Committee for Milk* [1933, Econ. Series 38]); the Cutforth Commission (*Milk. Report of Reorganisation Commission for G.B.* [1936, Econ. Series 44]); Food Council, *Annual Report* for 1938.

be made, the subsidy to oats and barley growers, and the ploughing-up grant of early 1939 represent a concession to the 'big agriculture' advocates and a precautionary measure against a danger which then seemed certain to materialize. To the obvious financial and imperial arguments against promoting heavy increases in home-food production as a permanent measure of defence could be added the more direct argument, put forward by Lord Astor and others, that an artificially big agriculture would actually be a source of weakness rather than strength. We could not, this argument ran, become self-sufficing anyway; our merchant navy could only maintain itself if our overseas trade was maintained. To diminish our dependence on imported food, and hence our exports, would mean that the margin of safety against sinkings and delays, on which we could draw in wartime, would disappear. In a long war, we could draw on the reserves of fertility in ploughed-up grassland, and reduce our usage of imported food and feeds. If some measure of insurance were needed, it were better held in the form of food stocks, say of wheat or sugar. Increasing public agitation for a policy of security stocks of food was manifest from the time of the Abyssinian crisis onwards;¹ and the government, without manifesting enthusiasm, undertook to consider such a policy as part of its plans for food supply in war in the food sphere. When these passed from the quasi-academic to the practical stage, with the setting up in December 1936 of the Food (Defence Plans) Department within the Board of Trade, the world wheat market was passing through a phase of delusive recovery, when a purchase of security stocks, even on a small scale, might have cost the government dear. Not till April 1938, when the international situation looked threatening and the wheat market depressed by fears of a new surplus, did the government make its wheat purchase, having just previously secured reserves of sugar and whale oil (for margarine and soap). These purchases were legalized by the subsequent passage of the Essential Commodities (Reserves) Act of 1938. The amounts purchased have never been disclosed; the wheat reserve at all events was not sufficiently large to prevent total wheat and flour imports from falling in that cereal year to the lowest level since 1922.

More important, almost certainly, than the acquisition of reserves was the preparation of plans to establish food control at once on the outbreak of war. In this work the various Marketing Boards and Commodity Commissions proved invaluable, as furnishing statistical information, advice, and a *cadre* of officials from which wartime controls could be recruited. Whatever the economic merits of particular schemes may have been, their very existence meant the collection of a great deal of information about the commodity concerned, and its systematic analysis. Each Board was staffed by persons—often seconded from the Civil Service proper—who were, or perforce became, experts in the particular field, who could assist in framing schemes, and be ear-marked to work them if the occasion should arise. Only by extensive resort to this devolution of responsibility

¹ See, for example, Lord Astor and B. S. Rowntree, *The Agricultural Dilemma* (1935).

were the small staff of the Food Defence Plans Department able to ensure, as they did, that every major foodstuff could be taken over without hitch when war broke out. The one commodity (oils and fats) for which no such body existed, was entrusted to the commercial firm dominating the trade, Lever Brothers and Unilever; with this solitary exception, however, it could not be said of wartime food control that it was merely 'run by the trade'. Nevertheless, the plans were, of course, based on the maintenance of existing trade channels wherever possible; it is difficult to see how they could otherwise have been brought into action without a dangerous degree of dislocation.

On the whole it seems unlikely that either international events or government intervention brought about any major change either in the pattern of British food supplies between the wars or in the nature and extent of British agriculture's contribution to them. The one new crop—sugar-beet—introduced during the period did not even meet the increased demand for sugar. Between 1924 and 1937 home production of sugar increased by 500,000 tons, imports by 300,000. Imports of wheat and flour decreased by an amount roughly equal to the increase in home production, but this seems to have been due, not to a greater use of home-grown wheat in bread (most of it went for biscuits or animal feed),¹ but to the continuing fall in bread consumption, concomitant on increasing consumption of sugar and butter. The substitution of sugar (largely in the form of confectionery and as an ingredient in cakes, etc.) for bread was the most conspicuous change in food habits noted by the government's Advisory Committee on Nutrition in 1937; they (and the League of Nations nutritional experts) also regarded it with a certain alarm, since sugar, unlike even white bread, is wholly devoid of minerals and vitamins. More encouraging trends were the great increase in the consumption of fruit, vegetables other than potatoes, in fats (and hence in the fat-soluble vitamins A and D). The consumption of cheese per head had increased considerably but was still exceedingly small; that of milk, even bearing in mind the smaller proportion of young children in the population, had remained stationary since 1909-13, a fact the experts particularly deplored.²

¹ Both C. Smith (op. cit. p. 28) and the staff of the National Institute of Economic and Social Research (op. cit. p. 86) appear to be under the impression that the Wheat Act prevented home-grown millable wheat from being fed to animals, and the latter conclude therefore, that it led to an increased import of feeding-stuffs. It may, of course, have done so by reducing the supply of barley and oats; but there is nothing in the Act to prohibit an approved buyer of millable wheat from reselling it for feed. One might, indeed, expect that the stimulus to sale 'off farms' that the Wheat Act provided would lead to a more plentiful supply of home-grown wheat for poultry feeding, for example, while a greater proportion of imported wheat went for milling. (English wheat is too soft, and has too high a moisture content, to be favoured by millers, except for specialist uses such as biscuit flour; the biscuit industry expanded very considerably in the last few pre-war years.) The increased import of feeds was most likely a result of the livestock subsidy.

² *First (and last) Report of the Advisory Commission on Nutrition (1937).*

Even on an average, therefore, the United Kingdom diet was far from ideal; and subsequent studies, notably that of Sir John Boyd Orr¹ were to demonstrate statistically the inevitable corollary, namely that the diet of the poor was grossly inadequate in many elements deemed to be essential for health. In the light of these discoveries, the protectionist policy of the government stood condemned from a nutritional point of view. For it was calculated to raise, by however little, the price of staple foods such as wheat and thus diminish, other things being equal, the income available for the purchase of protective foods. It became possible, however, to formulate an alternative agricultural policy, which at its simplest was embodied in the phrase, 'import calories (i.e. wheat, sugar); produce at home protective foods (milk, fresh vegetables)'. Such advice, as we have seen, need not be at variance with defence considerations; but it did offend those, powerful in the National Farmers' Union, who remained faithful to the old tradition of beef and corn, to which sugar-beet had lately become a powerful ally. These were finding, in the ley-farming theories of Sir George Stapledon, a new technical support for their views. Just as sugar-beet, which had never been grown at all in this country till the present century, had overnight become an indispensable feature in rotations, and sugar-beet tops essential to the maintenance of milk supplies; so, according to the new theories, a large cereal acreage must be maintained if the land of this country were to remain 'in good heart'. (As always in agricultural questions, a fog of sentimental associations was liable to descend on any discussion of economic policy.)

By 1939 the question at stake in agricultural policy was no longer that of protection versus laissez-faire. Few would have advocated the latter on nutritional grounds, even though the case for it as against the measures actually taken was undoubtedly strong. The burden of criticism of government policy, whether from Conservatives like Lord Astor or from the opposition, was rather that British agriculture needed planning as a whole, not protection piecemeal; that the government was not merely doing the wrong thing, but erecting obstacles against the right thing being done. The war appears to have left the issue still in doubt;² for against the impetus it has given to the habit of thinking in nutritional terms, must be set the compulsory emphasis on a high cereal acreage to make up for reduced supplies from overseas. All that can certainly be said is that, failing some tremendous technical change, our dependence on imported food can only be sensibly diminished at the expense of standards of living.

London

¹ *Food, Health and Income* (1936).

² Cf. *Report of the Committee on Land Utilisation in Rural Areas* (1942) [Cmd. 6378]. Majority and Minority Reports.

SAMSON GIDEON AND THE REDUCTION OF INTEREST, 1749-50¹

By L. S. SUTHERLAND

IN 1758 the Jewish financier Samson Gideon, the most famous stock-jobber at Jonathan's Coffee-house in the first half of the eighteenth century, presented a paper to the Newcastle ministry in which he pushed his claims to a peerage.² He had been advancing these claims since at least 1757³ and he urged in their support the ennoblement of others of his race by various monarchs of Europe:

Antonio Lopez Suasso Native of Holland professing the Jewish religion was in a Catholick Country Created a Baron by the King of Spain and the Patent sets forth, that the Title shall decend [*sic*] to Male or Faemale notwithstanding their professing Themselves to be Jews.

The Emperor of Germany Confirmed the above, and Granted him a New Patent by the title of Antonio Lopez Suasso de Avernes Le Gross.⁴

Mr Diego Periera de Aguilar a merchant and Native of Portugal and Free Denison in England Professing the Jewish Religion and Educating all his Children in the Faith he Embraced some years Since, was made very lately a Baron of the Empire.⁵

Whereas Samson the Son of Rowland Gideon⁶ (a West India Merchant and a free and Livery Man of London) was born in England, married an English Protestant,⁷ his Sons and Daughters were all Baptized by the Sub Dean of St Paul's, few days after their birth, were Strictly Educated and so many of them that are Living Continu [*sic*] to Profess Christianity.

His plea was not granted, but a compromise was offered and accepted. In May 1759 his school-boy son, so providently baptized by the Sub-Dean of St Paul's, was made a baronet in his stead. For on one side stood the anti-semitism of English society and of George II, but on the other the desire of the ministry to serve a most useful man.

Of more interest than the ambitions of the financier (which were fulfilled when his son was created Baron Eardley by the younger Pitt in 1789) are the services for which he demanded payment. He lays them out himself in his application.

¹ Since the Manuscript Room of the British Museum is still closed, it has not been possible to check most of the manuscript references in this article.

² Brit. Mus. Add. MS. 33055, ff. 219 seq. Date clear from internal evidence.

³ Letter quoted in 'Memoir of the Life of Sampson Gideon Esq. of Spalding, Co. Lincoln and Belvedere, Kent. by J. E. Wilmot Esq.', in J. Nichols, *Illustrations of the Literary History of the Eighteenth Century* (1817-58), vi, 277-84.

⁴ In 1676. The title was really Avernas de Gras. *Jewish Encyclopaedia*.

⁵ In 1747. *Ibid*.

⁶ A Portuguese Jew who had changed his name from Abudiente.

⁷ Jane, daughter of Charles Ermell.

- Anno 1742. After a declaration of War with Spain Mr Gideon delivered a Scheme for raising of Three Millions at Three p. cent. and made himself answerable for the first payment upon upwards of £600,000, and otherwise assisted to Compleat the Whole; as can be Testified by the Rt. Honble Lord Sandys Then Chancellor of the Exchequer.¹
1743. Delivered a Scheme to the Rt. Honble Henry Pelham Esq. Chancellor of the Exchequer and, as above, Subscribed and otherwise made himself liable for a much larger Sum than the preceding year... well known to Mr West.²
1744. Performed the Same when the French Fleets were in the British Channel and the Publick Funds daily sinking.³
1745. In times of great distress proposed by a New method how to raise the Supplies and as before constantly attended the progress thereof.⁴
1746. A scheme was delivered by Messrs Jno Bristow and Gerard Van Neck just befor the Battle of Culloden. Mr Pelham in Order to be Secure of part of the sum proposed to be raised, Took Mr Gideon's Note annexed to a list to be collected by him and by the Chancellor's order, to be answerable for the first payment of £1,070,000 which was all distributed among the People as may now be made appear by the said list and obligation at that time deposited with the Directors of the Bank.⁵
- 1746[5]. Proposed the Subscription for Circulating of Bank Notes and restoring their Credit, and was one of the four persons that Carried on that Association, and there is now in Mr Gideon's hands the Original Papers and the Signatures of above thirteen hundred merchants and others who signed in little more than one Day which had that good Effect that shou'd be remembered.⁶
1746. Contributed and promoted the Subscription to the Land Tax, etc.⁷ and during the Rebellion Constantly attended the comee for Supplying the Soldiers in the North with Necessaries.⁸
1747. Subscribed largely for himself and friends to the Schemes

¹ 15 Geo II, c. 19.

² 16 Geo. II, c. 13.

³ 17 Geo. II, c. 18. The *Gentleman's Magazine* (1744), p. 225, gives the 'lists' of subscribers to the loan of that year. The 'Treasury's list' (i.e. the subscriptions made through the three Monied Companies) was £600,000; Gideon's £300,000; J. Gore, J. Bristow, G. Van Neck £150,000 each; R. Drake, R. Jackson, J. Edwards, P. Burrell and Henry Lascelles £90,000 each.

⁴ 18 Geo. II, c. 9. The 'new method' was presumably the attachment of small life annuities as 'douceurs' to the lottery tickets, a feature which recurs in 1746 in a scheme in which he was much concerned. On this later occasion it was much criticized.

⁵ 19 Geo. II, c. 12. Gideon is incorrect in dating it 'just before the battle of Culloden'. The battle took place in April, and the scheme appears to have been agreed on at the end of December or beginning of January after the defeat at Falkirk and before the success at Stirling.

⁶ Sir Theodore Janssen (Brit. Mus. Add. MS. 32862, ff. 69 seq.) and Sir John Barnard appear to be two of the 'four persons'. I have not been able to trace the fourth.

⁷ See below, p. 22.

⁸ With Sir Theodore Janssen the initiator of the Committee (Brit. Mus. Add. MS. 32862, ff. 69 seq.).

1748. delivered by Sir Jno Barnard.¹
1749. Was Employed by the Right Honble Mr Pelham (as will appear by the Letters now in the hands of Mr Roberts)² to bring about the reduction of Interest upon the Funds, subscribed all his own property in them Immediately.
1749. Seconded the Motion at the Bank and debates arising by arguments contributed to Convince the Proprietors, at their General Court, that it was prudent and Right for that Corporation to accept of Mr Pelham's proposal, notwithstanding they had rejected the same at a former Genl Court. The Earl of Winchilsea was present and has often mentioned Since, that Mr Gideon was Serviceable upon that Occasion.
1751. The Chancellor of the Exchequer proposed to raise One million at three per cent and the Gentleman that undertook to Compleat the Same delivered a list for only £40,000, and declared he could do no more as the Three per cent annuities were sold at a Discount at Market. Mr Gideon sent for by Mr Pelham subscribed upwards of £100,000 and declared he would take more if necessary, and the whole was subscribed for by the Chancellors friends in two days which brought the Foreigners and almost all the Outstanders into the Second reduction.³
1756. Mr Gideon Subscribed for £107,000 for his own account and begs leave to appeal to the Duke of Newcastle with what difficulty his Grace raised the Supplies that Year.⁴
1757. Was the first private person that Published to pay a bounty for Recruiting his Majesty's army, which Example was followed by Many not without Success and had the Honor to meet with Royal applause.
1757. Attended his Grace the Duke of Devonshire to raise the Supplies.⁵
1758. Mr Gideon had the honor to Attend the Duke of Newcastle and will be glad if his Grace thinks that he was in any way assistant in raising of two Loans for his Majesty's Service in his Ellectoral Capacity.⁶
- Mr Gideon never Asked or had from the Government any Gratuity, fee or Commission, nor will he Accept of any Pecuniary reward.

¹ See below, p. 24.

² Pelham's papers were left after his death in the keeping of his former secretary Roberts, whose widow appears to have destroyed them. Wm. Coxe, *Pelham Administration* (1829), I, ix.

³ See below, pp. 29.

⁴ 29 Geo. II, c. 7. For difficulties see Brit. Mus. Add. MS. 32862, ff. 204-365 passim.

⁵ The list of subscribers to this loan (30 Geo. II, c. 19) is preserved in the Exchequer Papers (P.R.O. E. 401, 2598), *Subscribers to the £3,000,000 loan for 1757*. Gideon was the largest of the very numerous subscribers, his list standing at £100,000.

⁶ Wilmot, op. cit. p. 278, mentions that in 1753 Gideon combined with Bristow and Boehm to lend £90,000 to the City of Danzig, so that he had earlier experience of contributing to loans raised by foreign governments.

The services set out in this list are substantial and all are of some interest to the historian of eighteenth-century public finance. This article is, however, concerned primarily with those entered under the years 1749 and 1751 in connexion with the conversion operation undertaken by Henry Pelham when he was First Lord of the Treasury and from which there emerged the original 3 % Consols.

Little attention has been paid by historians to the means by which this transaction, the most important in Pelham's financial career, was carried out. Some circulation has indeed been given to a facile account of it by Richard ('Leonidas') Glover, a City politician and poet, in his *Memoirs of a Late Literary Character*, in which he attributes the success of the enterprise entirely to Sir John Barnard, the well-known independent City Member, and to himself.¹ It does not require much knowledge of the machinery of eighteenth-century public credit to refute the account of this always unreliable witness. Gideon's claims fall into quite a different class. Both he and Sir John Barnard were in fact, in their different ways, closely connected with the transaction for which, however, the chief credit must go to Pelham himself. All, moreover, played their part within the framework of a credit organization which had gradually been built up during the preceding years and which must be kept clearly in mind if the success of the transaction is to be understood.

Eighteenth-century administrations relied for their fiscal requirements partly on a system of taxation that was from the modern point of view both rigid and unproductive and partly on short- and long-term loans.² In raising both they depended on the growing London money market, with the Bank of England rising to a central position in it,³ and (where long-term loans were concerned) on the power of the London market to mobilize the funds of the *rentier* class, not only in the British Isles but in various Continental countries, particularly in Holland.⁴

As Sir John Clapham has shown,⁵ governments throughout this period were relying to an increasing extent on the Bank of England for their short-term credit. For the most part Gideon's services consisted in his assistance in the raising of long-term loans in time of war and in his help, both financial and moral, in bringing to a successful conclusion Pelham's conversion scheme.

The normal Treasury procedure when floating a long-term loan was as follows: applications were invited from individuals with whom the Treasury was in touch. These applicants were drawn from a narrower or wider circle according to the contacts of the Treasury in the City at the time. It was understood that each applicant spoke for a considerable body of would-be subscribers as well as himself; certain of them represented the

¹ Edited and published after his death by R. Duppa (1813), p. 38.

² E. L. Hargreaves, *The National Debt* (1930).

³ J. H. Clapham, *The Bank of England: A History*, vol. 1 (Cambridge, 1944).

⁴ C. Wilson, *Anglo-Dutch Commerce and Finance in the Eighteenth Century* (Cambridge, 1941).

⁵ *Op. cit.*

foreign subscribers whose importance in the fund-holding body caused from time to time so much public disquiet;¹ prominent government contractors, usually themselves Members of Parliament, had a number of M.P.s among the names on their list;² and at this time Samson Gideon's list brought in a Jewish financial element likely otherwise to be omitted. While these proposals were being formulated there was a period of active discussion behind the scenes between the Treasury and the more important of these applicants, in which the First Lord of the Treasury, the Chancellor of the Exchequer and other ministers joined. A meeting was then arranged between the Treasury officials and the applicants, after which no further application was considered. Contemporary references confirm Lord North's description to the House in 1781 of what happened at such a meeting.

The rule of that meeting was to convene the monied men who had made applications and offers and to convene the heads of all the great public companies [often called by contemporaries the 'three monied Companies', i.e. the Bank of England, the East India Company and the South Sea Company] who usually assisted the Government with money, but who never made any applications previous to that meeting; by these gentlemen so collected, the terms were settled and it was always usual to expect that the gentlemen who were present were to take a pretty considerable share of the loan among them.³

In fact the loan was nearly always over-subscribed and, after its terms had been passed by parliament, the final list of subscribers was drawn up by the Treasury, who allotted subscriptions at discretion, usually with the advice of some City supporter. The importance of the three monied Companies on the market and the big share usually taken by their representatives made them in many ways the centre of the body negotiating for terms, though they did not subscribe in their corporate capacity.

As soon as the first instalment had been paid and the receipts given out, the 'scrip' began to be the subject of dealings on the market, where it was called 'Light Horse' fully paid up subscriptions were known as 'Heavy Horse',⁴ and was considered a highly speculative security. The Treasury were wont to justify their discrimination between subscribers and their use of middlemen on the grounds of the danger to public credit which would follow if subscribers proved financially weak and were obliged to sell out precipitately to avoid the later payments. A closely knit financial system with the three monied Companies at its centre both as corporate creditors of the state and as a focus for the interests of individual creditors arose out of these arrangements.

Whatever its advantages, however, it is easy to see that such a system must give rise to dissatisfaction in the City when terms turned out favourable and when any considerable financial interests had been ignored. The

¹ Wilson, *op. cit.*

² L. B. Namier, *Structure of Politics at the Accession of George III* (1929), I, 68.

³ *Parliamentary History*, xxi, 1355.

⁴ T. Mortimer, *Every Man his own Broker* (2nd (enlarged) ed. 1761), pp. 144 seq.

ill-feeling was moreover exacerbated by the fact that the Treasury's choice was not based solely on financial considerations. Participation in the subscription, like a share in a government contract, was often used as an inducement towards or reward for political services. It is not surprising therefore that the 'monied interest' with the three Companies at its centre was often attacked by their less influential fellow-citizens as a sinister oligarchy bolstered up by the corrupt influence of the administration. This feeling, moreover, had political consequences; it was one of the strongest forces driving the main body of City opinion into the arms of any parliamentary opposition which was prepared to make use of them.

Pelham had inherited a peculiarly difficult position in this respect. Opposition to the government in the City had been strong during the parliamentary struggle which ended in the downfall of Walpole. In the City as in parliament, Pelham was able to reconstruct the strong connexion built up by his predecessor only after slow and anxious work and by establishing it on a 'broad bottom'. In the City this was only achieved in 1747. In the years 1744-5 and the earlier part of 1746 in particular, dissatisfaction continued in the City and was centralized by Sir John Barnard, the independent City Member, in an attack on the administration's financial arrangements and a demand for government loans to be raised by 'open subscription' (that is, for arrangements whereby, once the terms had been agreed on, the books would lie open for anyone who wished to subscribe and whereby, in the event of an over-subscription, subscribers would have their share allotted on a *pro rata* basis), in the place of the 'closed subscription' of normal contemporary practice.

An anonymous pamphleteer took Samson Gideon as typical of the monied interest and Sir John Barnard as typical of its opponents.¹ They had certainly been old enemies representing very different aspects of the City's activities. While Gideon was acknowledged as the greatest of stock-jobbers, Sir John Barnard had in 1734 fathered and pushed through an Act which, if enforced, would have prevented speculative dealing in stocks altogether² and Gideon's activities at the end of 1745 and the beginning of 1746, when he first came strikingly to the fore, were the object of Sir John's most scathing attacks. Gideon was, however, hardly a typical representative of the monied interest. More typical were such men as John Bristow, M.P.³ or Sir William Baker, M.P.,⁴ government contractors, London merchants of good repute and high on the direction of one or other of the three monied Companies. Gideon, on the other hand, stood rather aloof and as late as 1746 was still considered something of an

¹ *An Essay upon Publick Credit, in a Letter to a Friend. Occasioned by the Fall of Stocks* (1748) (Brit. Mus. T. 1143, 11).

² 7 Geo. II, c. 8.

³ Merchant with big interests in the Portugal trade; government contractor; Director of the South Sea Company for many years, Deputy Governor in 1754 and Sub-Governor in 1759.

⁴ Alderman; West India and America Merchant; Director of the East India Company for many years and Chairman in 1749 and 1752.

interloper.¹ His religion debarred him from rendering the political services that received their reward in profitable government contracts, and made him an object of suspicion. He was also surrounded with the discredit that then attached to the professional stock-jobber.

Wilmot, whose memoir of him was based on the examination of his papers (now lost), claims that in addition to his purely financial activities Gideon could claim the status of a merchant and that he had 'frequently large ventures himself in all parts of the world'.² But while we have evidence that he had been sworn in as a Jew broker in 1729,³ that he dealt in the funds and in the short-term securities of the market, and that he subscribed to the loans raised by his own and other governments, there is no corresponding evidence to suggest that he had any substantial interests as a merchant. There seems no reason to doubt that he was what his contemporaries thought him, a highly skilled jobber and broker and a daring speculator. In 1720, when he was just of age, his father died, leaving him a fortune of £7901. During the South Sea Bubble years he speculated extensively and with success; by 1727 he could give his two sisters portions of £2000 apiece, the dowries of well-to-do girls. By September 1729 his capital had grown to £25,000. In more settled times it took him more than eleven years to double it, but by December 1745 in the depth of the panic induced by the Jacobite Rebellion, it had risen to £82,000 and by 1748 when the depression was over his capital stood at £156,000. From that time on he continued to gain steadily; when he partially retired from business in 1755 he calculated that he was worth £279,000 and £297,000 by July 1759.⁴ It seems clear that he won his way into the 'monied interest' by sheer usefulness in time of financial need.

Such a man was a useful friend and a bad enemy for an eighteenth-century administration in time of war or other stress. It was widely believed that he manipulated stock prices to serve his ends; indeed he boasted that in 1744 he had kept up the price of lottery tickets by artificial means⁵ and in 1746 Sir John Barnard publicly accused him and his friends of manipulating the price of annuities to suit their plans.⁶ In the panic of 1745 when the rebels were marching south, he showed his address and spirit in protecting the joint interest of himself and the public credit. As prices fell he bought openly to the full extent of his resources;⁷ he subscribed to the merchants' address of loyalty to the king which did much to steady public opinion and played a prominent part in the association of London

¹ *Gentleman's Magazine* (1746), pp. 191-2 contrasts those subscribing to the loan of that year with the government's 'old friends'.

² Nichols, *op. cit.* p. 277.

³ Guildhall Records.

⁴ Nichols, *op. cit.* pp. 277-8. He died in 1762 at the age of 63.

⁵ Hist. MSS. Comm. Marquess of Lothian, Sect. III, Correspondence of Sir Thomas Drury, pp. 148-53.

⁶ Sir John Barnard, *A Defence of Several Proposals for Raising of Three Millions for the Service of the Government for the Year 1746, with a Postscript containing some Notions relating to Publick Credit* 31st May 1746.

⁷ Hist. MSS. Comm. *op. cit.* pp. 153 seq.

merchants who pledged themselves to accept bank notes to avert a threatened run on the Bank in September,¹ and was very active in the attempt, when the ordinary lenders in advance of the Land Tax failed, to raise at least half of the credit required by public subscription, an attempt which was only partially successful.²

It was the government loan of 1746, however, that stamped Gideon on the public mind as a leader among the monied interest. In a scheme put forward to the Treasury he says by the well-known contractors Bristow and Vanneck, sometime at the end of December 1745 or early in January 1746 when the outlook was still very threatening, he was the largest subscriber.³ The news of the Pretender's retreat from Stirling came through to the City about 7 February and as confidence returned it began to become apparent that the terms which the Treasury had been glad to accept were likely to prove very favourable to the subscribers. In the debates on the loan in the Committee of Ways and Means in March, Sir John Barnard voiced the jealousy of the City interests not concerned in the loan, attacking it in unmeasured terms, proposing two alternative methods of meeting the needs of the state and demanding, in the interest of equity and national economy, the introduction of 'open' subscription in the raising of government loans.⁴

If Gideon was a prominent member though not a typical representative of the monied interest, Sir John Barnard was certainly the leader of the popular opposition in the City to it. He had all the reputation which Gideon lacked, and served the City for fifty years as its example of the just man and upright citizen.⁵ Standing outside the monied interest he represented the outlook of the ordinary City merchant who formed public opinion there.⁶ In the House of Commons he identified himself with all the whiggish doctrines of opposition inherited from the preceding century and which retained their appeal among the political public of the period. He had thus tended to find himself in opposition, though his honesty and independence had prevented his using influence in the City even in the

¹ See above, p. 16.

² See above, p. 16. The names of the subscribers are preserved in a document in the P.R.O. T1/319 (bundle). Sir John Barnard (*Defence of Several Proposals*), trying to explain away the failure of the City to subscribe better to this venture, maintained that the City disliked its sponsors and that a public subscription of that kind should have been undertaken through the Lord Mayor.

³ See above, p. 16.

⁴ Sir John Barnard, *op. cit.*

⁵ The anonymous *Memoirs of the late Sir John Barnard* (1776) takes as its motto the couplet:

'Ages were ransack'd for the good and great
Till Barnard came, and made the group compleat.'

⁶ He was born at Reading in 1685, a Quaker, but received into the Church of England in 1703. He began his business career as a wine-merchant, but soon turned to underwriting. He represented the City in parliament from 1722-61, was Alderman 1728-58, Lord Mayor in 1737, knighted in 1732, died in 1764. Speaker Onslow who knew him well in the House gives an excellent account of his character and outlook. (Hist. MSS. Comm. Onslow MSS. pp. 469-70.)

height of the attacks on Walpole for the ends of political faction. Though he was often impracticable in his views on government finance and had a robust dislike of politicians, he had a real interest in good government and was not in the least afraid of unpopularity. It was he who in 1737 had made the first unsuccessful attempt to obtain a reduction in the interest on the national debt.¹ When Pelham turned to the pacification of the City he could hardly have hoped for a better leader of the opposition there with whom to deal.

In conformity with the general lines of his policy, Pelham would undoubtedly have sought to win over the opposition in the City as soon as opportunity arose. The Jacobite Rebellion not only gave him his opportunity, but made it essential for him to grasp it. He was able to take advantage of the fact that the greater part of the City opposition, under Sir John Barnard, rallied to the government in the crisis, and that those under the leadership of Alderman Heathcote, who did not, were discredited.² To keep their support, however, two concessions were necessary: their financial demands must be met and a long-standing grievance about the form of the City government must be redressed. Pelham was prepared to meet the popular party in the City on both counts.

Their constitutional grievance arose from the recognition in the City of London Elections Act of 1725³ of the traditional claim of the Court of Aldermen to veto resolutions of the Common Council, the so-called Aldermanic Negative.⁴ As late as 1745 an attempt by the popular party to get the relevant clauses of the Act repealed had been defeated by the administration. In January 1746, however, on the presentation of a further petition from the Common Council, leave was given for the introduction of a bill to this effect which passed rapidly through both Houses and received the Royal assent on 19 March.⁵

The debates on 14 March on the 1746 Loan showed, however, that this concession was not in itself sufficient to placate them, and on the financial

¹ Hist. MSS. Comm. Earl of Carlisle, p. 182, etc. The feeling against him in the City was so bitter at this time that there was talk of boycotting him as an underwriter.

² G. H. Rose, *Selections from the Papers of the Earls of Marchmont* (1831), II, 341-8.

³ 11 Geo. I, c. 18. For an account of this Act see A. J. Henderson, *London and the National Government* (Durham, North Dakota, 1945), pp. 74-113.

⁴ For the attacks on this claim in the first half of the seventeenth century, see A. Beaven, *Aldermen of London* (1913), II, xlvii and M. James, *Social Policy during the Puritan Revolution* (1930), pp. 224 seq. In 1674-8 the Aldermen obtained strong legal support for their claim (R. Sharpe, *London and the Kingdom* (1894), II, 448). In consequence Walpole had a good case for recognizing it in his Bill. The clause was violently opposed in the City and in both Houses, where the cause of the Common Council was taken up by the opposition. Though the Act went through unchanged, agitation against it continued in the City, rising to unusual heights in e.g. 1739, 1744 and 1745. (Wm. Maitland, *History of London* (1756), I, 536 seq. and Guildhall Records, Journal of the Common Council, vols. 58 and 59).

⁵ 19 Geo. II, c. 8.

issue too Pelham was prepared to meet them. Though he stood firm on the arrangements for the current year,¹ in the following December when a further loan was under discussion, it was agreed that this should be raised by the 'open' subscription advocated by Sir John Barnard, and that Sir John himself should be the chief organizer of that section of would-be subscribers who had hitherto been excluded. From this time on Barnard became the financial supporter of this and the succeeding administration.

Pelham's diplomatic revolution in the City was thus entirely successful. He had destroyed the opposition there which had become endemic in the preceding years and he did so without detriment to his immediate financial needs. In 1747 the open subscription, carefully guided by Barnard (who took in a quantity of subscriptions at his own house) and supported by the monied interest including Gideon, was an overwhelming success. That the similar subscription of 1748 was not also a success and that the closing dates for the later instalments of the subscriptions had to be extended, does not seem to be due to the method by which it was raised (though pamphleteers accused Barnard of muddling it and Gideon of maliciously undermining it),² so much as to the financial difficulties which hastened the negotiations for the peace of Aix-la-Chapelle rather precipitately concluded that year.

Even before the peace was concluded Pelham had made it clear to those in close touch with him that he meant to use his strengthened position in the City as a means to achieving an end and not merely as a relief from embarrassment. In August he told his brother the Duke of Newcastle:

I have one selfish ambition. I was in hopes, by a Peace being soon made, and by proper economy in the administration of Government afterwards, to have been the author of such a plan as might in time to come, have relieved the nation from the vast load of debt they now labour under; and even in my own time had the satisfaction of demonstrating to the knowing part of the world, that the thing was not impossible; here I own lay my ambition, but a very little more delay will render it impracticable; for me I am sure it will; and I am apt to fear no one will be better able to bring it about.³

In other words he had already determined on the coming of peace to do what Walpole had not dared to do, and to undertake the conversion operation which brought the 4 % debts down to 3½ and then to 3 %. Despite the temporary embarrassment in which the government found itself in the spring of 1748, the financial obstacles to such a course were by no means insuperable. 3 % stock, down to 76 when the peace negotiations began in April 1748, had risen almost to 95 in the following February, four months after the definitive peace was signed, and were up

¹ An administration pamphleteer replied to Sir John Barnard's *Defence of Certain Proposals in A Letter to Sir John Barnard, upon his Proposals for raising three Millions of Money for the Year 1746, from a Member of the House of Commons*.

² *An Essay upon Public Credit*, op. cit. Gideon was also attacked in *A Winter Evening's Conversation in a Club of Jews, Dutchmen, French Refugees and English Stock-Jobbers at a noted Coffee-House in Change Alley* (1748).

³ Brit. Mus. Add. MS. 32716, f. 13-13v. 4-15 Aug. 1748. Quoted with verbal inaccuracies in Coxe, op. cit. II, 15.

to par by the following June. The political difficulties were, however, redoubtable. A combination among the fund-holders could defeat the government's plans and this was the more probable since the loans from the Bank, the East India Company and the South Sea Company in their corporate capacities were included in the stock affected and might well prove a focus of resistance for the individual fund-holders. It was, moreover, well known that Walpole would have liked to support Barnard's motion for a reduction of interest in 1737, but found it politically impracticable to do so.¹ Pelham, however, felt that the risk could be taken. Fortified by the conviction that 3% was a rate appropriate to the market and that only a confederacy among the creditors of the state could prevent the success of the operation, he seems to have felt convinced that his powers of negotiation with the Corporations concerned, and the influence which the administration could exert on individuals, would be sufficient to prevent such a confederacy becoming effective. It was of high value in this connexion to be able to call on the services of the two powerful men standing outside the main body of the monied interest, Sir John Barnard with his following among the merchants of moderate means and men of good will, and Samson Gideon with his skill in the manœuvres of the market, the two men of which it was said they were 'a man with as much integrity and...another with as much ability in the Funds as this country has ever produced'.² He was prepared to use each of them in the appropriate manner.

Pelham made his preparations systematically. His first care in the spring of 1749 was to maintain taxation for another year at its war-time level, and to fund the greater part of the departmental advances that made up the floating debt.³ It was, however, useless to reduce the size of and interest on the government's unfunded debt without also taking into account another short-term security, at that time as popular on the market as the government securities themselves, the East India Bonds issued by the East India Company in anticipation of their sales. It is not surprising, therefore, to find on 16 August the Chairman of the East India Company, Sir William Baker, informing the Directors that it would be beneficial to reduce the interest on their bonds,⁴ and the next day Samson Gideon and some friends coming forward with a fully worked-out scheme in which they undertook the risk of the transaction on reasonable terms. The offer was at once accepted.⁵ At the same time Pelham rigidly refused to consider the demands of the King of Poland (strongly backed by the King, and the Duke of Newcastle) to be permitted to raise a loan on the London market,

¹ E.g. Hist. MSS. Comm. Earl of Carlisle, p. 183. Col. C. Howard to Lord Carlisle, 21 April 1737.

² Brit. Mus. Add. MS. 32862, f. 204. J. West to Newcastle. 24 Jan. 1756.

³ 22 Geo. II, c. 23.

⁴ India Office MSS. East India Company Court Books, vol. 63, f. 419.

⁵ Ibid. f. 427. They offered to be bound for £1,500,000 to facilitate the conversion at 10%. Individual directors added a further £500,000 to the offer. On 8 Nov. 1749 (f. 503) it was decided that no call need be made on this capital.

on the grounds that it would check the rise in the price of English government securities which was necessary for the success of his plans.¹

The stage was now set for his great attempt, in which he seems to have had little encouragement from his colleagues. When parliament met in November he announced his intention of introducing a bill, in the preparation of which Sir John Barnard was to be associated, to reduce the interest on the 4 % Funds (the total nominal value of which was £58,703,405) to 3½ % from 1750 to December 1757 and then to 3 %. The bill was introduced in the House and met with little opposition, the landed interest being in general favourable and the monied interest holding their fire.² It received the royal assent on 20 December and the fund-holders were given until 28 February 1750 to signify their consent to the reduction of interest by enrolling their names and the particulars of their stock in the books opened for the purpose.

Everyone was aware that the struggle was to come. Though the stock of the three monied Companies affected represented in all only some 26 % of the 4 % stock, the individual fund-holders naturally looked to the Companies for a lead. On 22 November, for instance, the firm of Van Hemerts advised their Dutch correspondents to await the action of the Bank and the East India Company before taking a line.³ General Courts of the three companies were called for various dates in December and January, and when they met it was clear both that the administration had been seeking to come to terms with their Directors, and that they had only partially succeeded. Even where they had done so, moreover, there was reason to doubt whether the Directors would succeed in carrying the Proprietors with them.

The South Sea Company's General Court was the first to be held on 7 December. The Company not only believed that the government were precluded by the terms of previous statutes from the compulsory redemption of their trading stock, but were also deeply concerned in the result of certain trade negotiations in process with the Court of Spain, and saw no reason to be accommodating to the administration. After a long debate, in which Gideon took an active part, the best result that could be achieved was the postponement of a decision. In the East India Company, things went even worse. At a General Court on 13 December the Directors (with only one dissentient) advised the Proprietors to accept the proposals on condition that legislation was introduced to enable them to fund part of their bond debt.⁴ There seems little doubt that the Ministry had agreed to these terms in advance. Opposition arose, however, among the Proprietors, a ballot was demanded⁵ and held (after much controversy in the Press) on 3 January, the result of which was the defeat of the Directors'

¹ Coxe, *op. cit.* II, 76.

² Lord Egmont objected at the notice given to the City which would enable them to work up an opposition, but Pelham replied that no measure of such magnitude could be introduced without the advice of men of skill and experience.

³ Wilson, *op. cit.* p. 151.

⁴ India Office Records. East India Company Court Book, vol. 63, f. 548.

⁵ *Ibid.* f. 557. 19 Dec. 1749.

proposals by 269 to 209. On 31 January the General Court of the Bank of England, after long debates in which Gideon took an active part but the Directors remained silent, turned down by a large majority the motion of the Governor to accept the proposal. Even before this had happened it was generally believed that the measure had failed. Horace Walpole, who had little concern with such things, wrote to Horace Mann on 10 January:

It is plain I am no monied man, as I have forgot till I came to my last paragraph, what a ferment the money changers are in! Mr Pelham... has just miscarried in a scheme for the reduction of interest by the intrigues of the three great Companies and other Usurers.¹

With only a month before the closing date for acceptance, the Ministry had to take every possible step to reverse the unfavourable trend of events. In press and pamphlet the Ministry sought to drive home their views. Sir John Barnard made a notable contribution in his *Considerations on the Proposals for Reducing the Interest on the National Debt*, published on 6 February. Some years later the claims of a Doctor Thomas were pressed on the Duke of Newcastle for preferment as a reward for services rendered at this time. Lord Kinnoull supporting his claim said:

I told your Grace some years ago that Doctor Thomas had personal merit both with yourself and your late dear brother from the part he was employed in the scheme for reducing the interest of the Publick debt and the dayly intelligence he gave to Sir John Bernard [*sic*] upon that business, through which channel Mr Pelham had his first information of its taking effect. To this, My Lord, I might add the great pains the Doctor took and the success he met with (though not without many rubbs in the way) in explaining the nature of the scheme to a great many of the Publick creditors, the trouble he was at in attending the press and in dispersing the reasons printed to convince people of the reasonableness of the scheme, and the many wet and dirty journeys he took to Clapham [where Sir John lived] and elsewhere upon that affair.²

Of Gideon's activities at this time we have less information (in the absence of Pelham's papers to which he refers) but they were sufficiently prominent for those supporting the measure to be dubbed 'Gideonites'.³

By one means or another they succeeded in stemming the tide. No doubt the chief arguments used were those of Sir John Barnard in his pamphlet, viz. that the authority of parliament could not be flouted, that since 3 % was the normal market rate the administration would have no difficulty in raising a loan to pay off those who did not come in, and that those who tried to persuade fund-holders to hold out would be the first to subscribe to such a loan. The fluctuation of fortune might be seen each day in the total subscribed for conversion. The tide probably turned about 15 February, and though by a week later less than £15,000,000 of the £58,700,000 affected seems to have been subscribed, it was known that the battle was won. On 23 February Van Hemerts wrote to their Dutch

¹ H. Walpole, *Letters* (ed. Toynbee), II, 423.

² Brit. Mus. Add. MS. 32860, f. 391. Lord Kinnoull to Newcastle, 6 Nov. 1755.

³ *Old England*, 3 March, quoted in the *London Magazine* (March, 1750), p. 129.

correspondents that 'The generally strong opposition which at first existed here against the Plan for Reduction has changed during the last 8 days into general consent, so that a good sum is already subscribed here'.¹ Finally, to take advantage of the turn of the tide, the requisite number of Proprietors of the Bank of England demanded a further General Court which was summoned on 27 February, and in this a motion, seconded and spoken to by Samson Gideon, was passed by a large majority to accept the proposed terms.² It did not matter that the South Sea Company at their postponed General Court held on 26 February had decided to hold out.³ When the books were closed at midnight on 28 February more than £38,800,000 had been subscribed, and though this covered only some 64 % of the holdings, the scheme might be claimed to be a success.³

Now that opposition was broken, steps to make the success more complete were, moreover, immediately undertaken. The uncertainty prevailing throughout January and February had made it particularly difficult for foreign holders to give their agents well-informed instructions. This gave some excuse for an extension of the closing date. As soon as the measure seemed likely to succeed the question of granting such an extension was raised on their behalf. The government felt strong enough to take a fairly high line. First they left the applicants in uncertainty for some time and then offered considerably less favourable terms to those who had failed to take the first opportunity.⁴ The results justified their firmness. At the same time they continued their negotiations with the two monied Companies which still held out after the Bank's *volte face*; the East India Company, where they kept open their offer with regard to the funding of the Company's Bond Debt, and the South Sea Company, where the issue remained intimately bound up with the difficult trade negotiations with Spain.⁵ The East India Company came into line by accepting these proposals on 25 April.⁶ With the South Sea Company terms were not reached until 12 February 1751, and then in consideration of the poor terms which they received from Spain, they were treated more favourably than other fund-holders; the Company was to receive 4 % on its capital stock for seven years before the interest dropped to the 3 % level.⁷

¹ Wilson, *op. cit.* p. 152.

² *General Advertiser* (1750). This result had been forecast by Van Hemert on Feb. 23 (Wilson, *op. cit.* p. 152). (For Gideon's part, see p. 27 above.) On Feb. 19 the *General Advertiser* reported that the summoning of this General Court was probable and on that and the following day it contained protesting letters complaining that threats were being used against the Bank.

³ Coxe, *op. cit.* II, 90 seq. examines a variety of authorities to establish the correct sum.

⁴ 23 Geo. II, c. 22. The *London Magazine* (1750) in its 'Account of the Principal Acts passed this Session', gives a short account of the Act and the debates leading up to it. Those subscribing under this arrangement were to obtain 3½ % till December 1755 instead of December 1757.

⁵ R. Pares, *War and Trade in the West Indies* (Oxford, 1936), pp. 517-33.

⁶ East India Company Court Book, *loc. cit.* 64, f. 24.

⁷ Brit. Mus. Add. MS. 25545, f. 287. Minutes of the General Court of the South Sea Company.

In this way the sum to be paid off was reduced to less than £3,000,000. That the administration should in 1751 have run into difficulties in raising 3 % annuities for £1,000,000 towards this transaction, and have had to rely on Gideon's assistance to support them,¹ shows on how narrow a margin they were working and how easily Pelham's ambition might have been defeated. The measure nevertheless had succeeded and in 1752 the various annuities bearing 3 % interest were consolidated into one stock and the 3 % Consols had come into existence.²

Gideon could rightly claim, even though several others could do likewise, that he had been 'serviceable on that occasion'.

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¹ See above, p. 17.

² 25 Geo. II, c. 27.

SHORT ARTICLES AND MEMORANDA

ALIEN HOSTING IN SOUTHAMPTON IN THE FIFTEENTH CENTURY

By ALWYN A. RUDDOCK

AN illuminating picture of the restrictions placed upon foreign merchants in England in the fifteenth century is found in the small group of alien hosting records from Southampton now in the Public Record Office. Many similar records must have been compiled in the other English ports frequented by aliens while the 1439 hosting law was in force, but they have almost entirely disappeared. Only London and Kingston-upon-Hull can show similar records to-day. Montague Giuseppe first drew attention to the two surviving files of these records, and indicated their value in forming a general picture of England's overseas trade in the fifteenth century.¹ The returns in the first file related exclusively to London, but in the other he discovered eight returns from Southampton. Adding to these four more Southampton hosting certificates, which have been erroneously classed as alien subsidy returns for that port,² we can follow in detail the operation of the hosting law of 1439 there during the six years it was in force. Moreover, the survival of the Southampton hosting records is singularly fortunate, since that town was one of the chief resorts of alien merchants in England at that period, the wealthy southern merchants of Italy and Catalonia, in particular, making it one of their chief ports of call outside the Mediterranean.

The fifteenth century was a period of growing hostility toward aliens on the part of members of parliament and citizens of London alike. One of the chief points of dispute was the right of foreign merchants to hire houses and dwell by themselves in the English towns they frequented. The London citizens demanded insistently that they should be hosted in the homes of English merchants, who should supervise all their mercantile transactions. But although their frequent petitions to parliament produced a number of acts on the statute book, these seem to have had little effect until the hosting act of 1439 added administrative machinery to enable the Exchequer officials to supervise the execution of that statute. Henceforth every alien merchant, on his arrival at an English port, had to present himself in the mayor's court, where a townsman of good repute was appointed to act as his host during his stay in the town. He was obliged to reside in his host's house and to acquaint him with all his mercantile transactions. The mayor had to forward a return to the Exchequer every six months naming all the alien merchants and the English hosts he had appointed them, while each individual host was obliged to send up a complete account of all the commercial dealings of his foreign charges.³ In this way parliament hoped to render impossible any further evasion of the hosting laws.

¹ M. Giuseppe, 'Alien Merchants in England in the Fifteenth Century', *Trans. Roy. Hist. Soc.* new ser. ix, 85-91.

² P.R.O. Alien Subsidy Returns, 173/101, 105, 107, 110.

³ 18 Hen. VI, c. 4.

Former hosting statutes were not enforced vigorously in Southampton, it seems. One of the fourteenth-century Anglo-French ordinances for the government of the town enrolled in the *Oak Book of Southampton* forbids any foreign merchant who hires a house in Southampton to harbour other strangers, while the town stewards' accounts in the decade immediately preceding 1439 show a Florentine, Paolo Morelli, living in the West Hall, one of the largest residences in the medieval town.¹ But the hosting returns in the Public Record Office show that the townsmen made a semblance of complying with the new hosting law between the years 1439 and 1445, appointing hosts and returning their certificates regularly to the Exchequer each year. Happily, specimens of both the mayors' lists and the views of merchandise sent up by the individual hosts have survived among the Southampton returns. The six lists of alien merchants and their hosts sent up to London by successive mayors of Southampton cover the entire period that the hosting laws were enforced in the town except the months between Michaelmas 1439 and Easter 1440, and between Michaelmas 1441 and Michaelmas 1442. These lists show an average of about twenty-one alien merchants actively engaged in Southampton's overseas trade each year, if we discount thirteen men of the Low Countries shown in the 1443/4 return who, according to their host, were all mariners and did not trade in the town. At first this figure seems very small in relation to the numerous foreign ships shown in the surviving custom accounts for Southampton in the same period. But the hosting accounts do not provide a comprehensive survey of aliens trading there, in spite of the intention of parliament to place all alien merchants under strict supervision. Merchants of the Hanseatic League were specifically excluded from the 1439 statute on account of their former grants of privileges in England, and although they were never as numerous in Southampton as in London or the east coast ports, the custom accounts show that they were not entirely unrepresented in the trade of the town. But far more numerous in Southampton at this time were the Genoese, who throughout England resolutely refused to submit to the hosting regulations, claiming the King's letters patent of exemption to all merchants of their nation.² The Genoese made Southampton their chief port of call in England at this period, and on one occasion at least contemplated making it the headquarters of all their trade in northern Europe.³ During the years the 1439 hosting law was in force the surviving custom accounts show an average of eleven Genoese carracks calling there each year, and a few years later, in 1451, merchants of Genoa contributed nearly two-thirds of the entire sum collected by the water bailiff for petty customs and other port dues for the year.⁴ Yet with one exception the hosting documents ignore their presence in Southampton, and therefore cannot claim to give a comprehensive survey of foreigners there. Yet even excluding the Genoese, the Italian merchants were still the most important group of aliens in the town at this time.

The second group of hosting records, the individual views of merchandise, are made out on a fairly uniform system. First the names of the alien merchants and the dates of their sojourn under supervision are recorded, with an account of the merchandise in their possession when their host began his duties, and any goods subsequently arriving by sea. Then follows an account of the disposal of all

¹ Southampton Record Society, *The Oak Book of Southampton*, ed. P. Studer (1910-11), I, 50; and *Stewards' Books of Southampton*, ed. H. W. Gidden (1935-9), I, 8, 128.

² M. Giuseppi, loc. cit. p. 90.

³ Thomas of Walsingham, *Historia Anglicana* (Rolls Series, 1863-4), I, 407-9.

⁴ P.R.O. K.R. Customs and local port books for Southampton, temp. Hen. VI.

these goods, and a list of the English commodities purchased with the money received for them. Details of payments in the port for freight charges, customs, crantage and other port dues are added, showing there had been no evasion of the bullion laws and all the money received for their foreign imports had been laid out again in England.

Four main groups of foreign merchants emerge from these records. The apparent numerical importance of men of the Low Countries in the mayors' lists is misleading, since one individual host's view discloses that a large number of them were mariners, who did not trade in Southampton.¹ Only one detailed account showing their mercantile transactions has survived,² and from this, together with the Southampton custom accounts of this time, it is clear that the town's trade with the Low Countries was small. It is certain that their numbers in the hosting accounts are out of all proportion to their relative importance in its overseas trade.

Merchants from France and Brittany left far more traces of their activities in the town. Their numbers were not large, and their trade seems to have been in modest proportions too, if we assume that the business transactions of those covered by the surviving views of merchandise are typical. Their main imports were Bay salt and Rochelle wine, and their straightforward business transactions gave little trouble to their English hosts. A view of merchandise sent up to the Exchequer by Nicholas Bylot illustrates how a meticulous host carried out his duties. When Bylot was appointed host to Yvon Tanguy of Brittany on 13 February 1440,³ the latter had 116 tuns of Rochelle wine in his possession. His host carefully enumerates all the different merchants in Southampton who bought it, and the amount each one received. The Breton was paid £270. 13s. 4d. for his wine. Bylot then shows how all this money was laid out in Southampton, giving minute details of the freight charges, custom, subsidy and gauging fees, with crantage, portorage, petty customs, and the sums paid to lightermen to bring the wine ashore from the ship, and to townsmen for cellars for storage in Southampton. This amounted to £149. 11s. A further sum of £108. 4s. 9d. was laid out in cloth for export and customs and subsidies on the same. Two horses valued at £10 and paying 15s. custom and subsidy completed his purchases. This left only £2. 2s. 7d. of the Breton's money unaccounted for in Bylot's return, which he presumably allowed Tanguy for food, lodging and other personal expenses in Southampton. Not many hosts were as painstaking as Nicholas Bylot in compiling their views of merchandise.³

The complications of the London market entirely upset John Emory's attempt to balance the imports and exports of three Biscay merchants under his supervision in the same year. Martin Ochoa, Martin Pagas and Torald Gonsalve imported iron, Biscay wine ('vyn rouge de Byskeya'), beaver fur, kid skins, liquorice and cummin. The fur was sent immediately to London, and after a little delay the kid skins, liquorice and cummin followed, presumably failing to find purchasers in Southampton. But the 257 tons of iron and 20 tuns of wine were sold locally. Emory records at great length the small consignments sold in Southampton to townsmen and merchants from London, a total of £585. 19s. 3½d. being received. Emory allowed them £277 for freight and other charges and £214. 6s. 8d. for cloth they purchased from local drapers. But he fails to account for the remaining £94. 12s. 7½d. left from the sale of their imports in the town. Perhaps he

¹ P.R.O. Alien Hosting Certificates, 128/31, m. 23.

² Ibid. 128/34.

³ P.R.O. E. 101/128/31, m. 6.

hoped larger purchases in London following the disposal of the goods sent there would overcome the discrepancy in the Southampton account. It is significant that, in addition to the iron they sold in Southampton, the Spaniards handed over a further consignment, valued at £226. 13s. 4d., to four Southampton burgesses in settlement of previous debts. There was a fairly regular trade between Southampton and the ports of northern Spain. Moreover, at least one of these Spanish merchants was no stranger to his host, for Martin Ochoa at one period was acting as John Emory's factor and attorney in Spain, disposing of his English exports there and sending back wine to Emory in return.¹ But the number of merchants from northern Spain and Portugal in the hosting returns is not large, supporting the view that other towns, notably Bristol, were far more important than Southampton in Anglo-Iberian trade.²

Notwithstanding the absence of the Genoese, merchants from the Mediterranean were still the most important group of aliens figuring in the Southampton hosting returns. The views of their merchandise compiled by John Bentham, who almost invariably acted as their host, gives us a glimpse of big business in Southampton in the fifteenth century. The Florentines were the most numerous, for the Florentine state galleys made Southampton their chief port of call in England at this time. The Venetian and Catalonian galleys called there less regularly, sometimes preferring Sandwich as their Channel port of call. The appearance of the Venetian state galleys in the summer of 1440, however, caused an influx of Venetians in the hosting return for that year. Some of the Mediterranean merchants appearing in the lists arrived in Southampton by sea, being either patrons of the galleys and carracks in the harbour or merchants travelling on board as passengers.³ But the names of some merchants reappear again and again in the hosting records, sometimes three or four times in a single year. It was not dissatisfaction with their English hosts, it seems, which brought them back into the mayor's court thus, for in every case their former host was reappointed. Presumably, therefore, they left Southampton in the interval between each entry in the hosting returns. The dates of their reappearances almost invariably synchronized with the arrival of galleys of Florence, Venice or Catalonia recorded in the custom accounts for these years. The galley fleets were obviously the magnet which drew them periodically to the south coast port. The preservation of the records of the London branch of the Florentine firm of Borromei show that most of these merchants were members of the colony of Mediterranean merchants living in London at this time.⁴ Benedetto and Filippo Borromei, Tommaso and Filippo Alberti, Ubertino de' Bardi, Piero Peruzzi, Giorgio da Lucca, Michele Mase, Forese da Rabatta and Gerozo de' Pigli represented the Florentine firms in London, Frederigo Corner, Lorenzo Marcanuova and Leonardo Contarini the Venetians, and Johannes de Vila and Reimondus de Vivaldi the Catalonian interests in the capital. They all reappear on numerous occasions in the Southampton hosting accounts.

The merchants from London did not stay long in Southampton. John Bentham's views of merchandise for 1441, 2 and 1442, 3 show that little of their merchandise brought in from ships in the harbour was sold in the town. 'Maundz

¹ P.R.O. E. 101/128/31, m. 9; P.R.O. Early Chancery Proceedings, bundle 16, no. 656.

² V. M. Shillington and A. B. Wallis Chapman, *The Commercial Relations of England and Portugal* (n.d.), p. 103.

³ *Cal. S. P. Venice*, II, no. 841; A. Grunzweig, 'Le fonds du consulat de la mer aux archives d'état de Florence', *Bulletin de l'Institut Historique Belge de Rome*, fasc. 10, p. 59.

⁴ G. Biscaro, 'Il banco Filippo Borromei e compagni di Londra (1436-1439)', *Archivio Storico Lombardo*, ser. IV, tom. 19.

cest marchaundises a londres' is repeated with monotonous regularity in his accounts. In 1441/2 he had thirteen Mediterranean merchants under his supervision, and from contemporary records we can identify at least nine of them as Florentines. Their consignments were large, but their only sale in Southampton was a consignment of sweet wines, totalling 109 butts, sold to a company of Southampton burgesses and a Salisbury vintner for £494. 6s. 8d. The rest of their imports were sent to London, including cloves, ginger, saffron, wormseed, sugar, scarlet grain for dyeing, ivory and similar luxuries valued at £862. 3s. 4d., with 117 bales of alum. In return they exported English cloth bought in London for £1296. 5s. and 607 pokes of English wool, all sent to Southampton and loaded on the same galleys for their return voyage. Evidently Bentham's duties were light that year. His account of the business transactions of the Italians he hosted in the following half-year was very similar, only some wine and black soap being sold in Southampton and the rest forwarded to the capital again.¹ Southampton even at that period was fulfilling her modern role as London's outport, being ideally situated for this purpose on the sea route from the Mediterranean to Bruges, the northern terminus of the galley fleets.

One of the most interesting features in the hosting accounts is the emergence of a permanent Florentine agent in Southampton, who was often employed by members of the London colony to handle their merchandise between their visits to the town. Paolo Morelli, the earliest permanent agent from Florence yet found in Southampton, was established there by 1427,² remaining there for nearly twenty years. The custom accounts show that he did a considerable amount of trading on his own behalf, but the hosting records reveal that he also acted as general agent in the port for his compatriots in the capital. Although these usually came to Southampton in person to receive their imports from the galleys and take them back to London, they often relied on Morelli to supervise the dispatch of their return cargoes on the same galleys. In 1442/3 he shipped 250½ sacks and 50 cloves of wool on outward bound galleys and carracks in the names of Giorgio da Lucca, Benedetto Borromei, Angelo 'Davy' and Forese da Rabatta. Nor did he only serve his compatriots in this way, for in November 1443 he unloaded from a Venetian carrack 66 butts of malmsey wine belonging to Andrea Corner, a Venetian in London, and disposed of it to burgesses of Southampton and vintners of Alton and Salisbury.³ The travelling merchant was being superseded in Mediterranean commerce about this time by the resident factor or commission agent,⁴ and the Southampton hosting records give a rare glimpse of the activities of one of them in English records.

At first sight the hosting records appear to indicate a close supervision of the activities of alien merchants, but a closer examination indicates that the 1439 Act was not put into operation very effectively in Southampton, at least. In some cases the town officials even seem to have connived at its evasion to accommodate their wealthy alien visitors. The returns show several instances of careless administration on the part of the town officials. By previous legislation custom officials had been declared ineligible for appointment as hosts,⁵ yet two successive mayors appointed William Soper, customer of Southampton during these years, host to Florentine captains and patrons of the galley fleets. Nor can these

¹ P.R.O. E. 101/128/31, m. 28; P.R.O. E. 101/128/35.

² *Calendar of French Rolls*, Hen. VI, p. 253 in the 48th Report of the Deputy Keeper of the Public Records.

³ P.R.O. E. 101/128/31, m. 28, 36.

⁴ Cf. F. C. Lane, *Andrea Barbarigo, Merchant of Venice* (1418-1449), (Baltimore, 1944), p. 94.

⁵ M. Giuseppi, loc. cit. p. 89.

appointments be explained as merely nominal ones, for although regulations in their commissions forbade them to trade, the custom accounts show they ignored this prohibition, bringing in cloth of gold, satin and other luxuries and exporting much wool on their return voyage.¹ In addition, the mayors' returns were often carelessly compiled. Peter James, mayor in 1442/3, sent up two overlapping returns, one for the first six months of his mayoralty, the other covering the entire year he held office. Several discrepancies are found in the overlapping parts, showing that at least one mayor was not scrupulously correct in the returns he made to the Exchequer.² Nor do individual hosts seem always to have co-operated in the enforcement of the bullion laws. It seems that the Southampton hosts did not wish to annoy their wealthy clients by a rigorous application of the irksome hosting law, but were content with a mere semblance to satisfy the clerks of the Exchequer. The hosting supervision, in fact, had become little more than a nominal restriction upon aliens in the port.

This seems equally true when we examine the supposed residential restrictions imposed by the hosting laws. The alien merchants, as Giuseppi suggests, must have resented strongly the attempt to compel them to live in their hosts' houses, and not in their own. In Southampton the town officials seem to have connived at their attempts to evade this provision in the hosting laws. In all the returns between Easter 1440 and Michaelmas 1443 Paolo Morelli is included among the Italian merchants hosted by John Bentham each year. Yet the steward's book of 1441/2 records under his name payment of a year's rent for the West Hall, a large house in Bugle Street owned by the town. Morelli actually occupied it himself, for the same book contains a list of repairs to 'ye West hall yn Whych Powle Morell dwellyth'.³ Clearly in his case the residential provisions of the hosting laws were being evaded. Possibly other aliens were allowed to rent private houses in the town, but since the mayor would not collect rent for these, we find no mention of them in the town records.

The most flagrant evasion of the 1439 law, however, is found in 1443/4. In that year Nicholas Holmage, the mayor, sent up the usual list of aliens and hosts to the Exchequer, showing John Bentham appointed host to ten Mediterranean merchants for the year.⁴ Bentham's view of merchandise also survives for this period. In it he names the same ten aliens as merchants placed under his supervision, but laconically states that they all remained in London, and he did not see them in the town.⁵ Yet the Southampton custom account for the same year shows 245 sacks, 11 cloves of wool, 13 tuns, 7 butts, 2 barrels of wine, and other merchandise valued at £2677. 18s. 4d. being imported and exported in the names of these ten merchants in galleys and carracks from the Mediterranean. Moreover, these merchants reappear again and again in the mayor's hosting return for this year, and the dates given for their reappearances and the reappointment of Bentham as host coincide practically always with the arrivals of the different galley fleets in the parallel custom accounts.⁶ Most probably they arrived in Southampton on the dates indicated by the mayor, and collected their merchandise as in former years, but by this time the administration of the 1439 act was so lax that they were able to persuade Bentham to send up a

¹ P.R.O. K.R. Customs, 141/25.

² P.R.O. E. 101/128/31, m. 32; P.R.O. E. 179/173/107.

³ MS. steward's book, 1441/2, ff. 5v., 22v.-23. Southampton municipal archives.

⁴ P.R.O. E. 101/128/35.

⁵ *Mercatores superdicti continue fuerunt apud Londoniam nunquam vidi dictos mercatores apud villam Suthampton*, P.R.O. E. 101/128/31, m. 21.

⁶ P.R.O. K.R. Customs, 140/62.

nominal return to the Exchequer and ignore their presence in the town. Probably Morelli provided accommodation for them in the West Hall, for local records show he was active in Southampton, although both the mayor and Bentham ignored his presence in their hosting returns. It is clear that these irregularities were not merely the result of corruption or slackness among minor townspeople, since all the sixteen hosts named in the Southampton returns were responsible burgesses, and almost all of them held office there at some period. Clearly the town officials were permitting flagrant breaches in the administration of the 1439 hosting law to accommodate their wealthy clients. Walter Fetplace, Robert Aylward, Peter James and John Emory, for example, all held office as mayor and acted as hosts during the years this act was in force. John Bentham had been deputy to the Chief Butler in Southampton, William Soper and John Kirkby represented the town in parliament, and other hosts served on royal commissions and held minor offices, such as serjeant, bailiff and steward.¹ Only two of the hosts have not yet been found in any official capacity in Southampton.

A certain amount of deliberation was necessary in the appointment of hosts. Walter Fetplace shows in his return that in each case two days elapsed between the appearance of the alien merchant in his court and the appointment of a host.² This interval presumably allowed Fetplace, as mayor, to make enquiries in the town and select the most suitable burgess for this role. But it is difficult to explain what factors dictated the mayor's choice. Language difficulties had to be taken into consideration, no doubt, and it is evident from the returns that certain townsmen habitually acted as host to certain groups of aliens. John Emory hosted all the merchants from Portugal and northern Spain, Peter James all the Bretons and French merchants, and John Bentham the majority of the merchants from the Mediterranean. But no explanation of this specialization is forthcoming. By previous legislation merchants carrying on the same trade as the foreigners in their charge had been declared ineligible to perform the duties of hosts.³ But an extensive survey of the trade of Southampton hosts in contemporary records, shows it was impossible to appoint as hosts townsmen who specialized in an entirely different branch of trade to that of the aliens under their supervision, since the majority of them dabbled indiscriminately in various branches of the town's trade. Their ventures were usually small and scattered, as if they were cautious men, fearing to stake too much in one undertaking. Yet it is difficult to offer any alternative explanation for the appointments, except in the case of William Soper, host to Bartolommeo Martelli, captain of the Florentine galley fleet in 1442/3, and to Geovenco della Stufa and Giuliano Ridolfi, patron and captain of the same fleet in the following year. The choice of Soper as host instead of John Bentham, the usual host to Mediterranean merchants, may probably be explained by the great interest the former always displayed in maritime affairs. Soper had built several ships for Henry V's navy at Southampton in former years, including the *Holy Ghost* and the *Gabriel*, and had served in turn as overseer, clerk and keeper of the king's ships.⁴ Since Italy was one of the leading seafaring countries of medieval Europe, he may have requested this appointment as host to keep in touch with the latest developments in Italian shipping at this time.

¹ J. S. Davies, *History of Southampton* (1883), pp. 173-4, 202, etc.; *Stewards' Books of Southampton*, op. cit. 1, vii.

² P.R.O. E. 179/173/105.

³ M. Giuseppi, loc. cit. p. 89.

⁴ M. Oppenheim, *The Administration of the Royal Navy* (1896), pp. 13-16; *Cal. Close Rolls*, 1413-19, p. 473; *ibid.* 1419-22, p. 170; *Cal. Pat. Rolls*, 1416-22, p. 256; *ibid.* 1441-6, p. 58.

The hosting statute of 1439 was intended to continue in operation for eight years, but there is no evidence that it was enforced after the first six, nor was it renewed in parliament again. In Southampton it seems to have lapsed even earlier. No certificates of merchandise have been found after Michaelmas 1443. Morelli was living independently in the town as early as 1441, as we have seen already, in spite of the hosting statute. By 1448 9 nine Italian merchants were resident householders in Southampton, according to the alien subsidy return for that year, while the earliest town rental, drawn up in 1455, shows them holding some of the largest residences in the medieval town, including the West Hall, Bolehall and Polymond Hall.¹ By the accession of Edward IV patrons of ships in the harbour lodged freely in the houses of other alien residents in the town.² Clearly the residential provisions of the act were little observed while it was on the statute book and discarded very soon.

In 1491, however, local records at Southampton show a curious reappearance of the hosting system. Among the thirty-eight supplementary ordinances which Thomas Overary, mayor in that year, added to the original fourteenth-century regulations in the *Oak Book*, in an attempt to tighten up the general administration of the town, we find enacted:

that all man^{er} aliens, estraungiers, comyng to this towne, shalbe assigned by the Meire of this towne, to be hosted and logged w^{ith} suffisaunte Burgeses dwelling w^{ith} in the same towne.³

In the town steward's account for 1493 4 is a list of aliens from the Venetian galleys in the port that year, and the names of the townsmen in whose houses they were dwelling. Taken in conjunction with the 1491 ordinance, it would seem to indicate a partial return to the old hosting system. But the hosts named were not equal in standing to those appointed in the earlier period, for none of them seem to have held office in any capacity in the town. Moreover, the measure was not applied to all alien merchants and factors in the town, for the same steward's account shows aliens holding the West Hall and other residential town properties. Nor is there any evidence of an attempt to supervise the alien merchant's business transactions as formerly. This seems to have been merely an attempt to keep a check on the town's floating population from ships staying only a short time in the harbour. The hosting system, as it was understood by the previous generation, was never again revived.

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¹ P.R.O. E. 179/173/118; MS. terrier of town lands at Southampton, 1455.

² P.R.O. Early Chancery Proceedings, bundle 43, no. 178.

³ *Oak Book of Southampton*, op. cit. I, 156.

UTILITY AND RADICALISM, 1825-1837

A NOTE ON THE MILL-ROEBUCK FRIENDSHIP

By FRANCIS E. HYDE

IT is evident from information recently brought to light in documents among the Roebuck Papers that the friendship between John Stuart Mill and John Arthur Roebuck was of greater significance than has generally been believed.¹ The course of this friendship and the consequences of its abrupt termination had repercussions on the fortunes of the radical party both before and after the passing of the Reform Bill. In this brief episode in the lives of these two men lies one explanation of the failure of the radicals to secure leadership and organization.

Roebuck met Mill soon after his return from Canada in 1824 and a close friendship sprang up between them.² Mill introduced Roebuck to the Utilitarian Society where the latter met Francis Place, William Eyton Tooke, George Graham and many others who were interested in the discussions of the Society. Here, and afterwards in 1827 when the members met once again after the lapse of a year in the house of George Grote, the doctrine of utility was discussed in all its aspects.³ The young utilitarians widened the scope of Bentham's work; they discovered, as many others did later, that to be able to understand the principles of utility it was necessary to grasp its full juristic, economic and political application. Furthermore, they were led into the acceptance of the belief that to be a utilitarian was necessarily to be a radical; that through their radicalism they were to become the theorists and the representatives of a new reformed democracy.

Under the stimulus of such ideas the friendship between Mill and Roebuck ripened into a most profitable association.⁴ Mill has left a clear record in his *Autobiography* of the way in which they spread abroad the knowledge of Bentham's work; by coming into contact with the Owenites;⁵ and by starting a debating society of their own.⁶ Their efforts kept this new society alive and made it famous.⁷ By 1829 the debates were being talked about and 'men of note and consideration, went regularly to hear them'.⁸ Mill and Roebuck became prominent as the leaders of this little band of philosophical radicals, their skill in

¹ The author is indebted to Mr W. W. Falconer, Mr J. P. E. Falconer, and Mr A. W. Roebuck for permission to use information in this article from the Roebuck Papers.

² Roebuck was introduced to Mill by his old friend Thomas Love Peacock. *Life and Letters of J. A. Roebuck*, ed. R. E. Leader (1897), p. 25.

³ An account of the proceedings of the Society is to be found in Mill's *Autobiography* (1873), pp. 120-3; also Harriet Grote, *The Personal Life of George Grote* (1873), p. 60.

⁴ Leader, *op. cit.* p. 29. Also Roebuck MSS. Copy of letter from Roebuck to Peacock; undated, but probably written in 1825. In this letter Roebuck describes a long walk in the country with Mill in the course of which they continued their discussion on matters of economic, political and philosophical interest.

⁵ Mill, *op. cit.* pp. 123-5.

⁶ *Ibid.* pp. 125 et seq.

⁷ *Ibid.* In spite of Monckton Milnes' remark that the general level of oratory was low as compared with that in the Cambridge Union (cited in T. Wemyss Reid, *Life of Lord Houghton* (1890), I, p. 62), the Society was in a flourishing condition in the year 1829, and continued so for a further two or three years.

⁸ Mill, *op. cit.* p. 128.

debate marking them out as active propagandists in the cause of radical reform.

Among those who looked with favour on the Mill-Roebeck friendship were Jeremy Bentham and Francis Place. The latter particularly had every reason for wishing to see this friendship prosper. Place had known for a long time that the hopes of the reformers depended very much on the achievement of unity and organization, and in the discovery of leaders who could persuade them to sink their individual pet schemes of reform in the formulation of a common policy.¹ Since 1824, Place had not taken such an active interest in the theoretical side of the utilitarian movement, but had concentrated much more on practical issues, and particularly on the political methods to be adopted for the application of Bentham's ideas to all spheres of the government.² It was in this band of dialecticians in which Mill and Roebeck were the leading spirits that Place seemed to have found the men who could possibly hold the radicals together.³ He determined that this small group should become, under his direction, the basis of a well-drilled party of solid voting strength in a future reformed parliament; they were to be the spearhead of utilitarianism's attack on society.⁴ For the time being, however, they were, on Place's advice, to eschew all party labels, to declare themselves to be the friends of 'good government. . . not because they are Whigs or Tories or Radicals, but because they believe it to be necessary to secure the happiness of the people.'⁵ In this way it was hoped that all unnecessary suspicion of their activities might be diverted.

The education and the training of the group proceeded rapidly. Bentham and Place began to take an active interest in coaching Mill and Roebeck in the art of political leadership. The two young men were constant visitors to Bentham's house, and, under his tutelage the practical plans for future political activity were worked out.⁶ Place, for his part, encouraged them, advised them, and kept them abreast of all the difficulties besetting the path of the reformer; by careful guidance he worked up their enthusiasm for reform to a white heat. He sent them to Paris in 1830 to see for themselves the result of the July Revolution;⁷ he gave them practical proof of the ineffectiveness of the proposed Reform Bill

¹ Graham Wallas, *Life of Francis Place* (1918 ed.), p. 187 et seq.

² Ibid. p. 91.

³ Roebeck MSS. Memo. 18 Dec. 1828: 'Place is at last pleased with our efforts,' wrote Roebeck, 'he is sanguine that our energies may be directed towards the (winning) of radical opinion throughout the country.' Writing some years later to Henrietta Falconer, Roebeck said, 'About this time [i.e. 1828] Mill and I joined Francis Place in a scheme which he then had in mind for uniting all men of liberal principles under a strong new leadership.'

⁴ Ibid. Memo. 16 November 1828, in which Roebeck sets out the political part (very much under the influence of Place's ideas) of a programme to be adopted by the new party. Most of the ideas in this Memo. were later expounded in his speech before the electors of Bath, Dec. 1832.

⁵ Roebeck MSS. Notes of a speech delivered to the Society in 1828.

⁶ Ibid. 15 June 1829, 'Till midnight with Place, after visiting B. discussing Draft Plan which Mill and I are to digest.' This Draft Plan included the following items:

i. To take power from the hands of the enemies of good government and put it in those of the nation. ii. To make the people capable of exerting the power thus given to them through a universal system of education. iii. To shorten the duration of parliaments. iv. To protect the voter. v. Vote by ballot. vi. To extend the suffrage to all the taxed population. vii. To destroy monopoly in all forms. viii. To institute Free Trade. It is interesting to compare these items with those which Francis Place later published in July 1832 in his pamphlet *On Pledges to be given by Candidates*, and quoted in Wallas, op. cit. pp. 326-7.

In addition there is extant under the date 1829, a detailed list of M.P.'s and others known to be favourable to reform, as well as instructions as to the best methods of contesting elections for the benefit of the radical party.

⁷ Leader, op. cit. pp. 29-30 and 33-5; Mill, op. cit. p. 172.

by sending them to places in England where the voters were suspicious of reform, where the middle classes in whose interests the Bill was to be passed feared and hated the poor, and where the great masses of the population were ignorant, oppressed and politically without means of redress.

Some of the activities which have been described are well known. But there has been a good deal of obscurity about other aspects of the relationship between Roebuck, Mill, Place and Bentham, owing to the fact that neither Place nor Bentham referred very frequently to their association with the two younger men. The Bentham Papers contain a good many invitations to Roebuck to dine at Bentham's house, but never any indication of the reason for the invitations nor of the scope of the topics discussed during and after these dinners.¹ Similarly, Francis Place makes very little mention of his early association with Roebuck, even though that association was of a fairly continuous nature after the year 1828.² Information gathered from the Roebuck Papers, however, has brought to light a certain amount of evidence relating to those years immediately preceding Roebuck's election to parliament. This evidence shows beyond doubt that Place's plans for the future success of the radical cause were centred far more on Mill and Roebuck than has hitherto been supposed.³ The two men seemed to be complementary to each other. Acting together they had proved that they could command the respect of men of all shades of radical opinion; their record in the debating society had demonstrated how well they had performed the difficult task of checking the centrifugal tendencies of some of the other members. Mill's intellectual powers, coupled with Roebuck's dash and fire and ability to translate ideas into action, had seemed to augur well for the leadership of this advanced group of thinkers. To Place, at least, the division of functions was clear. Mill should wield his influence through the idea and the written word; while Roebuck, the man of politics, should enter the lists openly, armed with all the most dangerous weapons with which Mill could supply him.⁴

Roebuck had always been ready to acknowledge Mill's superior gifts, for there could be no question at all that he drew much inspiration from his close association with him.⁵ Place, too, knew that only a man like Mill could check Roebuck's impetuosity and so draw out the best in him. The two men not only appeared to be essential to the radical plan of action, but the maintenance of their friendship seemed to be a point of major political strategy.⁶

¹ There is one reference in the Roebuck MSS. to a discussion with Bentham on education.

² On p. 337 of Wallas's *Life of Francis Place* there is a mention of the revival of an 'old plan' for the publication of a penny weekly paper. This 'old plan' had originated sometime in 1828, as will be seen from the following reference: 'Place and I talked long about the prospect of starting a penny weekly', Roebuck MSS., Roebuck to Graham, 25 June 1828.

³ For the evidence on this point there are two separate sources in the Roebuck MSS. First, there are records of speeches, letters and memoranda written by Roebuck during the years 1826-9, and second, there are accounts and letters written between 1832 and 1837 in which references are made to events in the earlier period.

⁴ Various memoranda in Roebuck's handwriting between 1826 and 1829 deal with plans for the ultimate victory of radical ideas in parliament. Some are headed 'For discussion with J.S.M.'

⁵ When, in 1833, Roebuck wrote to his future wife, Henrietta Falconer, about the general political confusion of the time, he made reference to his former association with Mill: 'Had I his sagacity to command I might now be able to see my path through the wilderness. He was a guide to my erring feet.' Roebuck MSS.

⁶ In a letter to Roebuck some years later (6 Aug. 1832), Joseph Hume made it known that 'Place was filled with anxiety lest a difference of opinion between you and Mill [presumably on the question of Mill's friendship with Mrs Taylor] might compromise the fortunes of the good government party.' Ibid.

When therefore Mill and Roebuck quarrelled and the friendship was broken up in 1832, Place foresaw what actually did happen: the disintegration of the radical advanced group and the growth of rival factions within the corps of radical reformers.¹

Mill and Roebuck have left widely differing accounts of the causes of their quarrel.² In all probability, as the records of Roebuck's personal papers tend to show, the real causes went much deeper than either was prepared to admit. The fundamentals of their faith had been rudely shaken, for by 1831 they had both had sufficient experience of the world to know that utilitarianism by itself could not provide a solution for all the evils afflicting society. They had travelled a long way from those early days when they had proclaimed it as a 'creed, a doctrine, a philosophy; in one among the best senses of the word, a religion'.³ Place had brought them face to face with situations which no theory could account for or solve. The impractical side of the doctrine had been laid bare before them, so much so that their belief in it as a panacea had become shaken.⁴ There had always been minor differences of opinion as to the influence of utilitarianism on character and on the practical application in the society of that day.⁵ These doubts and differences had assumed a more concrete form in the year 1831.⁶ Mill had become convinced by this date that the 'greatest happiness of mankind' could never be achieved by men calling themselves utilitarians as long as they despised and neglected every art that 'softened manners and charmed the imagination'.⁷ Roebuck did not deny the force of this argument, but could not bring himself to accept Mill's estimate of the effect of utilitarianism on character. He believed that if it could be freed from what he termed a 'mawkish sentimentality' and be given a revitalizing force it might find practical application in helping to overcome a great many of the existing social evils.⁸ This whole question was discussed in a series of debates in which Mill and Roebuck took opposite sides. It was the first time that they had spoken against each other, and from that time onwards their friendship began to wane. In the latter half of 1832 all relationship between them ceased; they were to be strangers for the rest of their lives.⁹

The effect of this quarrel upon radical unity needs some explanation, as it must be held partly responsible for the uneven course of radical politics during the 1830's. Mill not only ended his association with Roebuck, he also withdrew from the debating society and from all connexion with its members. The immediate result of this action was to remove the stabilizing force of his character from the society at a time when it was most needed. Many members

¹ Graham to Roebuck: 'Father Place is calling down the thunder of Jove upon you and Mill for having destroyed what he describes as his incomparable plan to spoil the power of the Whigs.' *Ibid.* 18 Aug. 1832.

² Mill, *op. cit.* p. 149; Leader, *op. cit.* pp. 38-9.

³ Roebuck MSS., Speeches, 14 Nov. 1828; Mill, *op. cit.* p. 67.

⁴ Mill, *op. cit.* p. 143, also Wallas, *op. cit.* p. 190. Mill also revolted against the positiveness of some of the early doctrines, and incurred the displeasure of Francis Place, who called his new attitude 'nothing more than German metaphysical mysticism'.

⁵ In a speech in 1829 (no month or day given, but probably in March), Roebuck expressed certain doubts as to the effectiveness of the theory when confronted by reality: 'Good intentions and theories are not enough, it is only by coming into contact with realities that we shall see men satisfied with the simple pleasures and spending their lives in ease and happiness.' Roebuck MSS.

⁶ Mill, *op. cit.* p. 149.

⁷ Leader, *op. cit.* p. 37.

⁸ Roebuck MSS. Memo. 1831.

⁹ In later life Roebuck made several attempts to renew the old friendship, but Mill, probably misunderstanding Roebuck's intentions, refused all offers. Leader, *op. cit.* p. 40.

followed his example and left in disgust as factional disputes grew in intensity. The remnants stayed on to ride particular hobby horses.¹ Roebuck was thus deprived indirectly of much of his influence among this group of advanced thinkers.

The situation was very largely retrieved by prompt action on the part of Francis Place. He enlisted the aid of Joseph Hume who persuaded Roebuck to stand for parliament and so carry on the work of re-organization in the only other field open to him—that of direct political activity. Hume introduced Roebuck to the electors of Bath, where, in the very seat of aristocratic privilege, he revived his claim to be the friend of good government and was elected to a seat in the Reformed Parliament.

Closely supported by Place, Roebuck set to work to repair the damage done by Mill's disaffection, and to reassert something of his old authority over the younger radicals. For a time it seemed as if he might be successful. His championship of the rights of the poor, his active promotion of a parliamentary movement for national education, his fight against all taxes on knowledge, his *Pamphlets for the People*, and his struggle for self-government for the colonies, raised his influence and gave him a degree of leadership among the reforming elements. Friend and foe alike began to acknowledge his position. He drew forth recognition of his work from such old parliamentary hands as Sir Robert Peel and Lord John Russell.² Even John Stuart Mill gave him a generous measure of praise for his efforts on behalf of the colonies.³ For a time at least it did look as if the radicals were the driving force behind many of the reforms which were put through by the Whigs. By 1834 Roebuck's reputation stood so high that Joseph Hume, the veteran campaigner, honestly believed that the radicals both inside and outside parliament would rally round Roebuck as a leader.⁴ Warburton, Molesworth and even Grote were impressed by his initial successes, and Hume urged him to consolidate the position he had already won for himself by organizing reform associations or anti-Tory clubs throughout the country.⁵ George Graham set to work to organize support on Roebuck's behalf, convinced that before very long he would be leading the radicals to power. Roebuck himself seemed to be equally sure of the future: 'I wish people would leave off talking nonsense about the return of the Tories to power', he wrote; 'they speak as if there were no alternative for the people but Whig or Tory. There is yet one more, viz. an independent, or let us use the strong word, a

¹ T. Falconer to his brother, 14 Jan. 1833, 'The Society is dead. Those who now attend do so merely to air their own pet schemes.' Roebuck MSS.

² Alex. Falconer to Henrietta Falconer, 27 Feb. 1833: 'He [Roebuck] was stopped by Lord John Russell who asked him about his motion on national education... Lord John asked him about his plan. Roebuck said that he should be ready to talk to him on the subject, and should write out the plan which he should like to see adopted, and this last he will do.' Roebuck MSS.

³ Mill, *op. cit.* p. 195.

⁴ Hume to Roebuck, 1 Dec. 1834: 'Your influence has never been so high as now; watch carefully and strike hard, for the Whigs are treacherous and the Tories are afraid. If you succeed, I am obliged to believe that all Radicals and free-minded men will rally behind you.' Roebuck MSS.

⁵ *Ibid.* Talking of these clubs Hume wrote: 'We will lose the objectionable name of Political Unions and yet may have the same bond of union and the same political influence in the country. We must get up one in the Metropolis quickly.' Also Henrietta Falconer to her cousin Miss Edmunds, 1833. Miss Falconer defends Roebuck's membership of a political union on the grounds that 'he does so to lead them to good... and it is a pity that others have not done the same. The task is a mighty one... and ought to be honoured and encouraged.' It is evident from Miss Falconer's correspondence that she at least was under no illusion as to Roebuck's future role as leader of the radical party.

Radical party. These last are far more in accordance with the popular opinion than either Whig or Tory; and let their enemies say what they will the Radicals must be in power before three years are past.¹

But these bright hopes were never fulfilled. Roebuck's influence over the radicals was short-lived. Place might encourage, cajole, or even resort to abuse,² but the radicals seemed to be incapable of following any leader, and all Roebuck's efforts at organization met with failure.³ Personal feuds and jealousies weakened still further their already fast disintegrating ranks and gave both Whigs and Tories the opportunity of exploiting such weakness.⁴

One major cause of trouble was that the radicals had no man within their parliamentary party with experience of Cabinet rank. Place had hopes that the Mill-Roebuck friendship might have supplied the means of providing the answer to such an obvious weakness.⁵ But by 1837 all the plans which Place had founded on his hopes of these two men had come to naught. Mill stood aloof from the strife, Roebuck's transient influence had vanished,⁶ and the radicals were in a worse state of confusion than ever before. When, after that date, it looked as if Lord Durham might have rallied the remnants of radical support he found nothing but indifference, suspicion and hostility. Even Roebuck, who by this time had given up all hope of putting Francis Place's schemes of reorganization into effect, regarded Durham's efforts with mistrust, and even perhaps with a tinge of jealousy. His remark that he 'cared very little for the future proceedings of Lord Durham, believing as I do that the man has no power in him to do good',⁷ summed up the attitude of not a few radicals to all attempts which might henceforth have been directed towards the regeneration of the party. As for Place, the failure of his plan in no way altered his regard for Roebuck, even though the impetuosity of the younger man very often merited the reproof of the elder. In a long letter of explanation on the causes of the failure of the radicals to do better in parliament, Place answered Roebuck's charges with characteristic vigour, but ended by saying: 'Vanity apart, or vanity indulged—I care not which—but I do believe that were I in the House you and I could—aye and would—do much of what ought to be done, though we should be both bitterly hated—despised we could not be—but the hatred even would not last

¹ 'Diary of an M.P.', Tait's *Edinburgh Magazine* (Aug. 1833), p. 644, quoted Leader, op. cit. p. 59.

² Leader, op. cit. p. 81.

³ S. Maccoby, *English Radicalism, 1832-52* (1935), p. 63.

⁴ Many radicals, including Hume, were induced to give their support to the Whigs as an alternative to the Tories. Hume to Roebuck 8 Sept. 1837. Hume wrote somewhat apologetically: 'I have long known the feelings of the whole party; and there has been no love lost between us, so that you must not suppose that my supporting the Ministers on some occasions when you thought I ought not to have done so depended on my individual or general regard for them.' Roebuck MSS.

⁵ Roebuck to Graham, 6 Jan. 1832: 'Papa Place is right. Experience of government is a valuable thing to possess when it comes to leading other men; but it is not a *sine quâ non*. We have among us men of ability, courage and sincerity; these qualities by themselves ought to ensure success.' Ibid.

⁶ T. Falconer to Alderman Crisp, Bath, 3 Oct. 1837. Speaking of Roebuck's loss of prestige and of his defeat at Bath in the General Election he said: 'It will be discovered some day that Mr Roebuck was more calculated to unite all parties of the liberals than any other....' Ibid.

⁷ Roebuck to Alderman Crisp, Bath, 6 Dec. 1838. 'He [Lord Durham] is a vain proud fool, a mere tool in the hands of a few designing rogues. The so-called liberal members of Parliament are always looking to great names, are open mouthed to swallow anything and everything he may offer. But the people, the active working men require very definite promises and statements before they move.' Ibid.

beyond a Session or two. There. If I have expected more from you than from any other man, surely that ought to satisfy you.'¹

The golden opportunity which the foresight of Bentham and Place had provided had been lost. The quarrel between Mill and Roebuck was something more than a personal affair. It destroyed the homogeneity of the group of advanced reformers who might well have given unity and leadership to the discordant ranks of the radicals in parliament. As it was, the annihilation of the radical party in the General Election of 1837 reflected the tragedy of this lost opportunity.

¹ Place to Roebuck, 3 Oct. 1836, in Leader, *op. cit.* p. 84. This is also quoted in Wallas, *op. cit.* p. 351.

THE DENOMINATION AND CHARACTER OF SHARES, 1855-1885

By J. B. JEFFERYS

AMONG the problems facing the promoters of limited liability companies following the general permissive Acts of 1855 and 1856 were those of attracting the number and quality of shareholders the company desired and of establishing a sound financial reputation. No well-tried mechanism of company promotion and investment existed, and the concept of limited liability had still to win acceptance in commercial and industrial circles schooled in the concept of partnership liability 'to the last shilling and the last acre'. The denomination of the shares issued by the companies and the character of these shares, whether fully paid up when purchased or left partly uncalled, were held to be of great importance in the solution of these problems. 'Probably no point ought to be more anxiously weighed', wrote an adviser to limited companies in the sixties, 'than the nominal amount of the shares into which the capital of the company is to be divided.'¹ An equal concern was shown as to the proportion to be called up on each share. By the eighties and nineties these considerations were no longer to the fore. New companies accepted without question that the ordinary share denomination should be between £1 and £5 nearly or fully paid up. Instead, attention was centred on the use of varying types of share, such as founders' and preference, and on the use and misuse of debenture stock. A study of this transition and of the factors leading to it throws some light on the methods of finance of the early limited companies and on the composition and outlook of the investing classes.

In the first ten years of general limited liability the share denomination of the majority of companies was high measured against the £1 standard. Of 3720 companies formed between 1856 and 1865 inclusive and believed still to be in existence in the latter year, only 597, or 16 %, had shares below £5 in value; the remainder ranged between £5 and £5000 with the largest group (52 %) from £10 up to £100 shares.² More than thirty companies had share denominations of £1000 and over, the chief types being iron, coal, engineering, land development, and cotton. The panic of 1866, for reasons discussed later, discouraged the very high shares and the success of the cotton and 'single ship' companies in raising capital easily with shares of £5 and £1 in the seventies and early eighties encouraged lower shares in other spheres. In 1882 W. R. Skinner wrote in the preface to his *Stock Exchange Year Book and Directory*: 'It is a feature

¹ Loftus Fitz-Wygram, *Limited Liability Made Practical. Reduction of the Capital of Companies and the Sub-Division of Shares* (1867), p. 7. He was a director of several companies and well-informed on company finance.

² Analysis and details from the *Limited Liability Joint Stock Companies List* (1864-6). This list does not comprise all the limited companies that were registered, but the sample is over 60 % of the total and includes all the important companies. Close examination of the figures reveals a tendency for the average share denomination to rise between 1856 and 'the great winding up' in 1866. Of the 2040 formed between 1856 and 1863 inclusive, 20 % had shares below £5 in value and 24 % above £10. Of the 1680 formed in 1864 and 1865, 10 % had share values below £5 but 38 % above £10. The large number of banking and finance companies formed in these two years partly accounts for this rise in denomination.

of the present financial period that fully-paid shares chiefly of £1 are quite the vogue', and by the end of the century the triumph of the £1 share was complete in almost every sphere of limited company enterprise.

The character of the share—whether fully paid up or not—followed a parallel course of development. Shares only partly paid up were a feature of the opening years of limited company finance. In some cases, mainly co-operative ventures, this was the result of a decision to call up the capital by instalments. For example, the Airedale Building and Manufacturing Company Ltd. of Yorkshire had shares of £2. 10s. each on which one shilling was called up monthly. But in the majority of cases there was no intention, initially, of calling up the whole of the amount of the share and a common announcement in the prospectus of a company was: 'It is not intended to call up more than 25 L per share' (£100),¹ or: 'It is not anticipated that more than 10 L per share will be required' (of a £20 share).² After the crisis of 1866 this system found fewer supporters. Companies were allowed by the 1867 Companies Act to reduce their capital and share values, thereby increasing the proportion called-up and while relatively few of the older companies took this course,³ the new industrial and commercial companies tended to issue smaller shares with a higher proportion paid up. In 1885 over three-quarters of the issued capital of the 661 industrial and commercial, iron and steel, coal and shipping companies listed in *Burdett's Official Intelligence* was paid up.⁴ And these companies, by reason of size or regular share quotation, were considered among the more important companies in existence.

This, however, was only the average trend of all limited companies; there were wide differences between the practices in individual industries and some of these differences should be noted.

Apart from a small number of co-operative ventures engaged in retail trading or managing workmen's clubs, the companies with the lowest share denomination, fully paid, were those engaged in non-ferrous mining enterprises. In the sixties the shares in these companies were rarely over £10 and the £1 share was common. By the eighties the £1 share fully paid up was nearly universal in this group. Cotton company shares in the sixties ranged from shares such as those of J. H. Bates (Albert Cotton Mills) Co. Ltd. (1864), of £1000 each to the low shares of the co-operative cotton mills such as the £1 fully paid shares of the Belthorpe Co-operative Manufacturing Company Ltd. (1861). But in the burst of cotton company formation between 1870 and 1875, the 'Oldham Limiteds' era, the £5 share with £1 to £3 paid up became popular and shares of this type remained a characteristic of cotton companies to 1914. In shipping the companies formed to take over private shipping lines or to amalgamate lines had high share denominations. But the boom in the eighties led to the formation of new companies with £10 shares, and the many 'single ship' companies had shares of £1 to £5 fully paid. Iron and steel, coal, and engineering and shipbuilding companies, which in nearly all important cases were conversions of existing partnerships, were the least affected by the trend to low share denomination.

¹ Prospectus of the London and Colonial Bank Ltd. (1863).

² Prospectus of the East Rosedale Iron Co. Ltd. (1866).

³ In the ten years, 1867-77, 71 companies reduced their issued capital, a total reduction from £56 millions to £22 millions. *Report of the Select Committee on the Companies Acts, 1862 and 1867* (1877), viii, Qu. 39. (To be referred to later as the 1877 *Report*).

⁴ Percentages calculated from figures given in unpublished M. Com. thesis, University of London, 1937, by A. Essex-Crosby, 'Joint Stock Companies, 1890-1930', and based on *Burdett's Official Intelligence* (1885). Approximately 60 % of the issued capital of the 1585 companies listed and engaged in all types of finance, industry and commerce was paid up in this year.

The share values fell slightly when some of the concerns took advantage of the 1867 Act giving them power to reduce capitals, but in the eighties the £1 share was still practically unknown. The usual shares were between £10 and £50 with about two-thirds of this sum called up.

Banking, investment, finance, land and insurance companies had very different share characteristics from the other groups. The Bank Act of 1844 established the denomination of shares in Joint-Stock Banks at £100 each, of which one-half was to be left uncalled as reserve liability. The 1858 Act granting general liability to banks continued this regulation and although it was withdrawn by the 1862 Act the tradition of the high share, of which one-half was uncalled, remained. The land, investment and insurance companies adopted the same practice. For example, in 1867 it was reported that 'nothing was more common than insurance companies... with shares of 100 L and only 5 L or 10 L called up',¹ and in 1875 of 58 important banking companies only seven had fully paid-up shares, and of the remainder only one company had more than half of their shares paid up. In 1885 an analysis of the capitals of the 144 banking and 87 insurance companies listed in Burdett, shows an average of only 24.6 % and 21.8 % respectively of the issued capital paid up. The shares of the finance, land and investment companies had, however, by the eighties begun to approximate more closely to the general trend. The share denominations fell and in 1885 61 % of the issued capital of the 226 listed companies in this group was paid up.²

The reasons for the high share denomination and uncalled character of the shares and for the variations in the practice of the different groups of companies were many. In the first place, in the absence of any experience of general limited liability, the tradition of partnership practice and, to a lesser extent, the experience of railway, canal, gas and other joint-stock organizations exerted a very powerful influence. The significant difference between a partnership and a limited liability company to a large section of founders and investors was not that less need be invested in a company but that in the event of failure liability was limited. Many early joint-stock companies, though they had a wider basis than a partnership, were established on similar lines and followed similar traditions as to what constituted an investment. To take one example, the Liverpool and Philadelphia Steam Ship Company of 1850 had shares of £9000 each. Canal, bank and railway companies made a closer approach to the impersonal company, but even so bank shares were not less than £100 and railway and canal shares rarely less than £25 each. The influence of this tradition of high share denomination and heavy investment was seen in the 1855 Act. Clauses in this Act prohibited the issue of shares of less than £10 each and provided that 'the deed of settlement shall be executed by shareholders not less than 25 in number, holding shares to the amount in the aggregate of at least three-fourths of the nominal capital of the company'.³ This was in the spirit of the band of adventurers, known to each other before the formation of the company, investing heavily and exercising direct control of the undertaking. These provisions did not appear in the 1856 Act, but the ideas which promoted them continued.

A second factor affecting the denomination and particularly the character of the shares of the early limited companies was the current opinion as to what measures a company should take to gain stability and high financial standing.

¹ *Report from the Select Committee on Limited Liability Acts* (1867), x, Qu. 1306. (To be referred to later as the 1867 *Report*.)

² Percentages calculated from figures given in A. Essex-Crosby, *op. cit.*

³ 18 and 19 Vict. c. 133. Section 9, 1 (4).

In the long drawn out and sometimes very heated discussions on the pros and cons of limited liability in the forties and fifties the danger that the limitation of responsibility for debts and actions would lead to wild speculation, panics and a decline of commercial morality had been stressed time and time again by the opponents of general limited liability.¹ The limited concept was new, and disturbing pictures of the unknown proved easy to paint. The founders and shareholders of limited companies were therefore very sensitive on the subject of the security of their company. Advice on the measures that should be taken to remove any suggestion of insecurity or instability was of course legion. When a need was thought to exist for suggestions to avoid financial weakness few could refrain from rushing into print. But the significant feature of this advice was the underlying assumption in every instance that the closer a limited company could approach to the partnership system of responsibility, the greater would be its security and the higher its standing. The Limited Liability Acts had been passed, but partnership principles were still used as the yardstick. In short, the advice tendered was, maintain a high reserve of uncalled capital, fix a high share denomination, and confine the shareholdings to those who know the trade.

John Brooke, of the Huddersfield Chamber of Commerce and an opponent of limited liability, was one of the first to suggest the need for maintaining uncalled capital under general limited liability. In his final argument before the Commission on Mercantile Law in 1853 he said: 'if you limit the responsibility of joint-stock companies... then make it three times the amount paid up.'² The Commission rejected the suggestion, but, in practice, the limited companies accepted it. Ten years later it was held that 'the unpaid portion of the shares constitutes a continuous guarantee fund beyond the control of Directors and managers... and practically establishes a security of the *highest* order',³ and that 'the security of the uncalled capital was one of the chief arguments in favour of limited liability'.⁴ Similarly it was agreed that a limited company could be considered sound if it approximated to the partnership system by having high shares, heavy individual investments and relatively few shareholders. For example, a witness before the Select Committee on the Limited Liability Acts in 1867, said that when a company consults as to the value of the shares 'the answer invariably is "if you want to have a large stable company make your shares very large"... there is not a shadow of doubt that a company with 10 shareholders of 1000 L each is a much more stable company than a company with any number of shareholders with 1 L each.'⁵ Attempts to appeal to a wider group of investors with lower shares fully paid were strongly criticized.

¹ The memories of the 'railway mania' were very vivid in the minds of all taking part in the discussions in the early fifties, and the opponents of limited liability had little difficulty in suggesting that the mania was due to the special facilities afforded speculators by the limited liability of railway companies and that if this privilege were extended to all spheres of commerce and industry the consequences would be disastrous. One opponent, referring to the Bill of 1856, wrote: 'This Limited Liability Bill ought therefore to be called "An Act for the better enabling Adventurers to interfere with and ruin Established Traders *without risk to themselves!*"' (E. Phillips, *Bank of England Charter, Currency, Limited Liability and Free Trade* (1856), p. 36.) And in addition to leading to financial danger, limited liability was also 'immoral' and 'un-Christian'. For example: 'There is a moral obligation, which it is the duty of the laws of a civilized and Christian nation to enforce, to pay debts, perform contracts and make reparations for wrongs. Limited liability is formed on the opposite principles.' (E. W. Cox, *The New Law and the Practice of Joint Stock Companies with Limited Liability* (5th ed. 1862), p. 1.)

² *Report of the Commission on Mercantile Law* (1854), p. 159.

³ *The Law of Limited Liability and its Application to Joint Stock Banking Advocated* (1863), p. 11.

⁴ *J. Roy. Soc. Arts* (Dec. 1866), xv, 52.

⁵ 1867 *Report*, op. cit. Qu. 2043.

When the Great Ship Company issued shares at £1 each, an investor asked: 'Is it not commercially absurd to entrust such a vast professional structure to the fostering care of petty tradesmen who know nothing of the technicalities of the shipbuilding and shipowning trade instead of seeking at least £100 shareholders?'¹ and the Chairman of the 1867 Select Committee summed up this view by observing: 'I suppose the lower you go in the denomination of shares the more ignorant people you catch?'²

Opinions as to what constituted stability or instability would by themselves, however, have had little direct influence on the methods of company finance. These views had a strong empirical bias based on partnership experience, and, as will be shown later, a slight change of fortune led to the assertion, made equally dogmatically and in some cases by the same people, of directly contrary views. The acceptance by the founders of limited companies of the view that uncalled capital, high shares and few shareholders made for financial stability was due more to the strong insistence on these measures by the creditors and to the nature of the investment market than to the soundness of the reasons put forward in their favour.

Creditors in the first quarter of a century following the passage of the Acts in the fifties were in a very strong position *vis-à-vis* limited companies. While it was true, as had been suggested by Robert Lowe when he introduced the 1856 Act, that 'the capital of a limited Company would be easier to raise [than a partnership] and therefore the temptation to borrowing less',³ a large number of companies, by the nature of their business, had to borrow both short and long term and until the widespread use of debenture issues the usual trade creditors were the main source for loans. The creditors, owing to the small development of the limited system, were in a position to enforce practically the same terms on their few limited customers as were already conceded by their numerous unlimited partnership customers. The most important of these terms was that which demanded that in addition to paid-up capital there should be an uncalled reserve which could be drawn upon in an emergency.⁴ In 1877 David Chadwick, who as one concerned with the formation of some of the most important limited companies in the first thirty years of limited liability knew more about the workings of the system than any other single person, said: 'In the case of a trading company I think it is very prudent and very proper to have 25 to 33 or 40 % uncalled out of the subscribed capital; without that they cannot stand in the market with proper credit.'⁵ With this view held by both creditors and promoters, an uncalled portion of the shares in those companies needing 'proper credit' was inevitable and, in fact, contrary to the prophecies and fears of the opponents of limited liability, the creditors during the first two decades of the operation of the system were 'in clover'.⁶

¹ *J. Roy. Soc. Arts*, loc. cit. p. 84.

² 1867 *Report*, op. cit. Qu. 786 and cf. Qu. 1388, Justice Romilly, 'the smaller the amount of shares the less "bona fide" is the company; that is the experience we have in Court.'

³ Robert Lowe, *Speech of the Rt Hon. Robert Lowe on the Amendment of the Law of Partnership and Joint Stock Companies*, February 1, 1856 (1856), p. 34.

⁴ The existence of partly uncalled shares did not by itself of course give a complete guarantee of extra security. That would depend on whether the shareholders could meet the extra calls. It has been suggested that the provision in the 1862 Act obliging a company to keep a register of members open to public inspection was urged by creditors to enable them to obtain a complete view of the credit-worthiness of the company and sufficiency of the contribution. *Report of the Committee on Company Law Amendment* (1945), para. 77.

⁵ 1877 *Report*, op. cit. Qu. 1953.

⁶ Cf. *J. Roy. Soc. Arts*, loc. cit. p. 24.

The investment mechanism in the fifties and sixties was still in a very embryonic stage of development. The two main types of shareholders in the early limited companies were the successful capitalists connected with the basic and heavy industries and the wealthy traders and merchants concentrated in the large commercial centres. The former, for the most part, became shareholders when their own going concern was converted into a limited company or they took shares in other companies which had a similar partnership background. The latter were prominent in financial and credit companies and in the larger hotel and wagon companies popular in the early sixties. It was reported in this boom that 'the great body of investors in recent undertakings do not belong to the class of simple investors but to the native trading community',¹ and again that 'successful traders have been leaving trade and going into the money-lending and financing business... in proof... refer to the lists of Directors of our Banks and Finance companies to see how largely the money-lending community consists of mercantile men.'² Both of these groups of investors were wealthy, were not, and were not expected to be, 'interested in more than two or three companies'³ and through their knowledge of the business took an active part in the management of the company. 'Shares of high denomination' were effective with these investors 'for the reason principally that when they were placed in good hands the capital was more easily raised.'⁴ Individual holdings were large and uncalled share liability did not appear a disadvantage as they had a close control on the direction of the enterprise. There were other investors in the market; the 'simple', 'safe' or 'steady and legitimate'⁵ investors who had been schooled in Consols, railway and other public utilities, and the frankly speculative investor interested in ready marketability of shares or high dividends. These investors had other concepts of investment and of the denomination and character of shares, but their influence was small. The confidence of the 'safe' investor in the general limited companies was not great in the fifties and sixties and in any case the channels for bringing this class of investor into contact with the limited company were largely undeveloped. The speculative investors, while frequently named in the course of post-mortems on limited companies, at no time, numerically or financially, constituted a significant section of investors. Consequently, while a few companies in certain industries issued shares of a denomination and character, small and fully paid, that would make an appeal to these classes, the majority of companies catered for the wealthy investor with whom the founders had connexions or who was known to the brokers and financial agents in the commercial centres. The financial methods of these companies matched the needs, pockets and outlook of these investors.

It was the crisis of 1866 which, while confined so far as bankruptcy was concerned to the small speculative and large financial companies, first shook both founders and investors of commercial and industrial companies in their belief in the shares of high denomination with a large uncalled portion. Heavy calls on unpaid shares were made, sometimes as much as £20 and £30 per share.

¹ *The Shareholders Guardian* (18 April 1864), p. 184. The writer did not view this development very favourably and continued: 'the inadequacy of the individual requirements of trade is the very motive assigned for the formation of companies; yet we find the whole industrial community actually denuding themselves in order to promote schemes outside their sphere.'

² *Credit and its Bearings upon the Crisis of 1866* (1866), pp. 16-17.

³ *The Investors and Stock Exchange Magazine* (Jan. 1863).

⁴ Fitz-Wygram, op. cit. p. 7.

⁵ Cf. D. Morier Evans, *Speculative Notes and Notes on Speculation* (1864), p. 175, and *The Shareholders Guardian*, op. cit.

Where no calls were made, the shares were completely unrealizable at a time when liquidity was all important. Henry Pochin, a Manchester merchant and an extensive investor in and director of many cotton and iron and coal companies, told how 'the shares in many companies are incapable of being negotiated in any form... the bankers won't look at them as security for advances... and investors were forced to keep money lying in the bank at low rates of interest against future calls'.¹ The companies also found that the calling up of unpaid portions of shares was a clumsy and disquietening method of obtaining capital at a time of emergency.

In the discussions on this crisis and at the inquest on the operation of limited companies held by a Select Committee in 1867 the existing methods of company finance still found defenders. Elaborate reasons were advanced for the existence of uncalled liability and high shares. But for the first time grave doubts were also expressed whether the close approximation to partnership principles was the correct path for limited companies and their investors. To many shareholders the emergency call-up of unpaid share portions meant that 'limited liability' had become 'unlimited in fact'² and it was suggested that the true operation of limited liability had not been understood.³ The high share denomination was also criticized. This device it was claimed 'far from making the company fall into the hands of rich shareholders... tends to its falling into the hands of those who have nothing to lose'.⁴ Whereas 'the smaller the share the larger then becomes the basis of the company. The creditor has a much better security with ten men holding 100 L each than one man holding 1000 L'.⁵ And again: 'I would much rather have five men at 10 L apiece than one man at 50 L'.⁶ The accepted basis of security was now claimed to be the source of insecurity; diametrically opposite conclusions being drawn with great facility from the same facts.

Conducted in this manner the debate was inevitably inconclusive and no sudden change in practice took place. But wealthy investors re-examined their concepts of shareholding and ten years later it was reported that wider dispersion of shareholdings, lower denominations and less uncalled liability was appealing to this class of investor.⁷ A more important factor in the trend towards smaller shares, fully paid, was the entry of the middle classes into the market for shares of industrial and commercial limited companies. The confidence of these investors in the limited form increased with the evident stability of many of the companies, but heavy investment in one company, high shares and uncalled liability did not appeal to them. Observers were agreed that 'high shares tended to keep out the middle classes',⁸ and that 'cautious people have avoided investment because of the heavy unpaid liability'.⁹ However, the usual investments of these classes, Consols and public utilities, were not expanding as fast as their

¹ 1867 *Report*, op. cit. Qus. 2298, 2301, 2311.

² W. Bartlett and H. Chapman, *A Handy Book for Investors* (1869), p. 172.

³ Cf. 1867 *Report*, op. cit. evidence of W. Newmarch, Qu. 1008, 'the public did not really understand what the operation of limited liability was', and W. Hawes, *J. Roy. Soc. Arts*, loc. cit. p. 23, 'limited liability was not understood'.

⁴ 1867 *Report*, Qu. 681.

⁵ *Ibid.* Qu. 539.

⁶ *Ibid.* Qu. 995.

⁷ Cf. evidence of Bonamy Price, 1877 *Report*, op. cit. Qu. 1240, 'persons are becoming accustomed to take shares in various companies rather than have a larger sum in one business', and Qu. 1252: 'You find now that nearly the whole amount of the shares has to be paid up within a reasonable time.'

⁸ Cf. Fitz-Wygram, op. cit. p. 14.

⁹ *Bowers Investment Review* (Bristol, April 1869), p. 159. This was one of the first investment papers outside London and catered for the middle class investor.

savings were accumulating and did not yield as high a return as general limited companies.¹ Consequently, with the assistance of bankers, brokers and firms like Messrs Chadwick, Adamson, Collier and Co., Joshua Hutchinson and Son of London, and Richardson, Chadbourn and Co., of Manchester, the middle classes began to take shares in limited companies.² And to attract the capital of these classes, and to enable them to spread their investments, company promoters offered low share denominations with no uncalled liabilities.

Two other factors influenced the development towards the lower share denomination and smaller uncalled liability. These were the use of uncalled capital in obtaining credit for the company, and the varying needs of companies and varying types of investors in the different industries. Together these factors accounted for the unevenness of the trend towards the small fully paid share.

The need to keep part of the shares uncalled in order to secure the goodwill of creditors became less imperative as the limited form proved its efficiency and stability. Further, estimates of the capital required by limited enterprises became more accurate and a reserve call in case an underestimate had been made was seldom necessary. But offsetting these developments was the new use that had been found for the uncalled capital. In the sixties some companies, rather than make a call on the ordinary shareholders for unpaid portions, had issued debentures to obtain additional capital.³ Where the debentures were secured against fixed assets, the uncalled character of the shares tended to be perpetuated, but when they were secured against the uncalled capital the calling up of shares became virtually impossible. The Mortgage Debenture Act of 1865 had envisaged land companies securing their debentures in the latter fashion, but the legal position for other companies was doubtful.⁴ The practice, however, developed and a discussion at the shareholders' meeting of the Bristol Wagon Co. Ltd. in 1870 (wagon companies throughout these years were in the forefront of financial experiments) illustrated the effect of the practice on uncalled share liability. The directors of this company suggested that preference shares should be issued to raise additional capital. A shareholder objected and countered with the proposal that a further call on the unpaid shares should be made. The chairman then pointed out that 'as the amount of their shares yet unpaid was security for the debentures they had raised, a call could not be made without being applied to the reduction of the money they had borrowed.'⁵ The company issued preference shares. The new companies being formed in the seventies and eighties found less tortuous methods of securing debentures, but this practice by many older companies restricted the possibilities of fully paid-up shares. At the same time it can be noted, this move to give debenture holders the first claim on uncalled capital in preference to the ordinary creditor was the first of many steps taken

¹ For example, David Chadwick spoke for a number of the investors when he wrote in 1871: 'We are too much alive to our own interests to place our trust in Consols alone' (*Chadwick's Investment Circular*, issued monthly by Chadwick, Adamson, Collier and Co. (1871), p. 30.)

² The firm of Chadwicks, for example, increased the number of their friends, as they called their clients, from hundreds in the sixties to 4000 in 1874 and 5000 in 1877. (1867 *Report*, Qu. 869; *Chadwicks Investment Circular* (1874), p. 257; 1877 *Report*, op. cit. Qu. 1079.)

³ For example, the *Sixth Annual Report of Bolckow Vaughan Iron and Steel Co. Ltd.*, 'it is intended to receive loans and debentures in preference to making calls for the prosecution of additional works'. And the answer to the question: 'May I ask what advantage it would be to a limited company to issue debentures?'—'simply that it prevents the shareholders being called upon for calls'. (1867 *Report*, op. cit. Qu. 1235.)

⁴ Cf. 1867 *Report*, op. cit. Qu. 1244: 'It is a question whether unpaid calls can be made a security for debentures.'

⁵ Reported in *Bowyers Investment Review* (29 June 1870), p. 203.

in the succeeding half-century to drive the ordinary creditor from the 'clover' he had enjoyed when limited liability was first introduced. But that is another story.

The influence of the varying needs of companies and the changing composition of investing groups in different industries can be shown by illustration from some of the main fields of limited company development in these years.

The companies engaged in mining, tin, lead, copper and to some extent coal, had the cost-book system and transferable share tradition behind them. The investors were small local men in Wales, Devon and Cornwall taking shares in mines they knew well. Capital was small and the £1 to £10 share fully paid up suited the company and the investor. The exhaustion of British mines and the development of limited companies engaged in mining enterprises abroad changed radically the character of the companies but not the character of the shares. The overseas ventures were regarded as frankly speculative; few investors would risk much capital, and the average life of the company was short. In these circumstances the £1 fully paid share was popular and effective.

In the cotton industry, Oldham was the chief centre of the limited companies, and the shareholders in these mills consisted chiefly of the machine makers, small business men and traders of Oldham and neighbouring towns, and merchants and brokers in Manchester and to some extent Liverpool.¹ The £5 share denomination suited this miscellaneous group of investors. It was left partly unpaid as security for the large amounts of loan capital which was a feature of almost every one of these companies.² Promoters had found that additional money both for trading purposes and extensions of plant was far easier to raise as loan capital, repayable at call, than as share capital, and only in times of expensive loan capital, e.g. 7 or 8 % interest, was it usual to raise further capital by calling on the unpaid portions of shares.³

In the shipping industry also an investment tradition had existed before the introduction of general limited liability. The high risk factor had tended to a dispersion of ownership through the 64ths system. In the fifties a share in a medium-sized ship under this system cost between £75 and £100 and the owners were chiefly merchants and ship-brokers in the larger sea-ports. This class continued to be the dominant investors in the limited shipping lines and the share denomination continued high. The shares were left one-quarter or one-third unpaid as reserve against liability through accidents. With the improvement in underwriting and insurance this reserve became less necessary, but the share denomination of the larger companies and lines, mainly passenger, tended to remain high. The shareholders in these companies were often all members of one family or drawn from a limited group of wealthy merchants. The 'single ship' companies of the eighties, mainly cargo and tramp ships, aimed from the start at a much wider group of investors and issued shares at £1 each to be fully paid. According to contemporaries this wider group was reached, and it was

¹ 'It is a well-known fact that the successful competitors for executing the work required in a new mill are those who will subscribe for the greatest number of shares', J.C.A., *Limited Liability and Cotton Spinning* (1886), p. 9, and *Report of the Royal Commission on the Depression of Trade and Industry* (1886), VIII, Qu. 5276. Also Qu. 5134 lists shareholders, 'small shopkeepers, publicans... lodge keepers, overlookers', and Qu. 5507-8 for merchant interest.

² The issued share and loan capital of 90 mills in and around Oldham in 1885 amounted to £6,891,103. Of this £3,435,427 was loan capital, or practically 50 %. There was £2,807,859 uncalled capital as part security for the loans. (*Report on the Depression*, op. cit. Appendix A, p. 308. Statement by J. Kidger.)

³ Cf. *Co-operative Wholesale Society Annual* (1883), p. 166. Many companies called up shares in preference to loans at high rates of interest, 1877-80.

reported that 'the fact is notorious that even servant girls and small greengrocers all round the country have been induced to put their small savings into tonnage'.¹ This dispersed shareholding in small amounts made uncalled liability difficult to operate and a 'single ship' line made reserves in case of accidents unnecessary.

The limited companies in the coal, iron and engineering industries were, in the majority of cases, conversions of private mines, furnaces and works, and the shareholders were chiefly the original owners, local men of some standing and a few town investors. The capital and shareholdings were large and the number of investors relatively small. For example, the Bargoed Coal Co. Ltd. issued capital £20,000, shareholders 16 (1868); Palmers Shipbuilding and Iron Co. Ltd., capital £800,000, shareholders 350 (1868); Ebbw Vale Coal and Iron Co. Ltd., capital £2,200,000, shareholders 596 (1868); and Vickers Sons and Co. Ltd., capital £500,000, shareholders 25 (1875). The shares were taken as long-term investments and high denomination presented no obstacles to this class of investor. A large proportion of the shares was left uncalled, in some cases to act as security for loans, in others owing to mistakes in the valuation of the property when the company was formed.² The profits made by these companies, particularly between 1871 and 1875, attracted attention, and smaller companies were formed with lower share denomination to attract a wider group of shareholders, but the large semi-private company continued to dominate these industries until the late eighties.

Banking, finance, insurance and land companies were particularly influenced by the current view as to what constituted security and stability in a limited company. While opinion held that high shares meant security, the companies issued high shares. When opinion changed, banks issued £25 and £10 shares and insurance companies in the eighties shares as low as £1, but the uncalled character of the share tended to remain. For banks and insurance companies the uncalled capital was vital as reserve liability. In the finance and trust companies the unpaid portion of the shares was used directly as a means of obtaining loans. Strong criticism, not entirely justified, was directed at 'a certain class of company, the main purpose of whose existence is to borrow on the faith of their uncalled capital and to employ the money so borrowed in trade or in making loans in the colonies and elsewhere'.³ These factors, rather than any particular characteristics of the investors, who were concentrated mainly in London, determined the share issue of the finance group of companies.

By the eighties the trend towards the small fully paid-up share was being established. The desire of the wealthy investor to spread his investments and to remove 'unlimited liability in fact' by paying up more per share, and the introduction into the investment market for limited companies of the 'safe' investor interested in the security of his capital and the marketability of his shares were factors hastening this trend. The use of the uncalled portion of the share for raising loans and the varied composition of investing classes and needs of companies in different industries were factors which delayed and rendered the operation of this trend uneven. The denomination and character of the shares to be issued were still matters to be considered by a new company in the

¹ *Report on the Depression*, op. cit. Qu. 11217.

² Chadwick reported that in the case of companies such as Bolckow Vaughan, Palmers Shipbuilding and Ebbw Vale, the company was registered before the final report of the valuers had been made available, consequently the nominal capitals were often very high with shares largely unpaid. (1867 *Report*, op. cit. Qu. 857.)

³ *The Accountant* (1888), p. 405. Report of speech by G. A. Jamieson before the British Association.

eighties, but they had lost the position of key importance that they held in the sixties.¹ A small share fully paid was beginning to suit the majority of the companies and their investors. The trend had not been foreseen by the originators of limited liability. The chairman of the Institute of Bankers referred in 1884 to their disappointment as they had hoped 'that limited liability would be adopted with shares of some hundreds or thousands of pounds instead of in shares of a shilling or a pound, not for the purpose of creating capital for speculative purposes but to enable persons to put their money into well-established businesses in considerable sums without being involved in unlimited liability'.² But to measure every new development in company finance by the yardstick of the Bankruptcy Court can warp judgement. Fraud and failure accompanied both high and low shares, unpaid and fully paid. What the originators of limited liability failed to foresee was not the increasing waywardness of economic society but the changing needs of that society. These needs in the succeeding thirty years led to an even greater divergence between the hopes of the founders and company practice. The remaining functions performed by variations in the denomination and character of the shares (security for loans and credit and differentiation between types of investors) were outmoded by the extensive use of founders' and preference shares and debenture stock; the overwhelming majority of investors in public companies lost all interest in, and power to control, the direction of the enterprises; and the private partnership was replaced in almost every sphere by the private limited liability company. The development of the limited company responded to the needs of industry and trade rather than to the hopes of the founders or the warnings of Select Committees and Royal Commissions.

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¹ Cf. A. Packer, *How the Public are Plundered* (1878), p. 18, still refers to the use of different share denominations to attract different types of investors, £20 to £50 for the 'monied' classes and £1 for the 'industrial classes'.

² *Journal of the Institute of Bankers* (1884), v, 13.

OBITUARY NOTICES

SIR JOHN CLAPHAM

By M. M. POSTAN

IN SIR JOHN CLAPHAM the Economic History Society has lost an active and a most distinguished president; the economic science and historical scholarship one of their outstanding leaders. His activities and interests were many and various. For twenty years he was the senior tutor of King's College, Cambridge, for some thirty years a Syndic of the Cambridge University Press. He worked in the Board of Trade in the first world war, fulfilled a variety of important public functions in the last war, and in addition carried the main administrative burden of the Economic History Society, taught at the University, presided over an important Cabinet inquiry and filled the post of President of the British Academy. Yet in spite of his large and ever-growing preoccupation with public affairs and with representative functions, he never slackened the pace or reduced the quality of his learned work. While the war was on he wrote his history of the Bank of England, and all but finished a popular volume on English economic history. At the time of his death he was busy preparing for press the second volume of the *Cambridge Economic History*, planning the third volume and sketching out his part of an introductory chapter for one of the later volumes. He died as he had lived in harness and pulling his whole weight.

The story of his academic career bears the clear imprint of his birth, family surroundings and education. He was born in Manchester in 1873, but he liked it to be known that his ancestors had crossed the Pennines from Yorkshire and had their roots in a stock harder and tougher than even that of Lancashire. In his early childhood he must have absorbed to the full the sober Nonconformist spirit of his paternal household. His father, a well-to-do jeweller, handed down to him the intellectual and moral virtues of the Victorian middle classes at their best—a head which was shrewd and cool, an outlook which was wholly unsentimental and a rule of life disciplined to the point of being hard. The all-pervading integrity of his character and mind may well have come from the same source. His love of learning certainly did. In his reminiscent moments Clapham was wont to describe, with obvious gratitude and affection, how his father used to wind up his busy working days with long hours of serious reading. Lecky, Buckle, and to a much smaller extent, Freeman formed the core of the domestic library and thus predetermined the future interests of young Clapham.

His politics and general outlook sprang from the same root. He was a conforming Christian, but his attitude to most things was essentially rationalist, positivist and matter-of-fact. In politics he was officially a Liberal, but his liberalism had nothing of the latter-day radicalism in it. He had an admiring appreciation of the self-adjusting action of the economic mechanism and a belief in the capitalist order (he did not like to hear it described as such). No wonder his work won unstinted praise from the economists of the London School of Economics. He was in fact the economic historian they respected most, and this affection he greatly reciprocated. Much as he regretted the growing preoccupation of the

economists with the recondite aspects of their theory, he was wholly on their side on most problems of national policy and on most disputed problems of social sciences. The topics and methods of the younger and less perfect branches of social science impressed him little and interested him even less.

Thus endowed, Clapham fitted to perfection into the sober and empirical background of Cambridge of his day. He was educated at the Leys School, won an exhibition in history at King's College in 1892 and obtained a first in the History Tripos of 1895. He stayed on at his college until 1902 and after six years' interval at Leeds came back to King's and Cambridge to succeed Mr Browning as supervisor in history. He was made Professor of Economic History in 1928, and still taught economic history in the University in the last year of his life. Throughout the last forty years Cambridge was his geographical as well as his academic and intellectual home.

In the light of his education and tastes his decision to settle down in the field of economic history is easy to understand. He could not have remained a mere historian. As an undergraduate and as a young research student he had shown a taste for a wide range of historical problems. The first university award he won was the Lightfoot Scholarship for ecclesiastical history; his fellowship dissertation, which gained him the Prince Consort Prize in 1897, was on the war of 1793, and one of his earliest publications was on Abbé Sièyes. But even in these early studies he showed that special predilection for hard and tangible facts, and for fields where thought was orderly and words precise, which in the end led him away from general history.

At the same time he could not have become a pure economist. If certain reports are to be trusted, Alfred Marshall regarded him as his favourite pupil and wanted him to devote himself to economics. It was as Professor of Economics that he went to Leeds in 1902, and the book he prepared and published there, *Woolen and Worsted Industries* (1907), was conceived as a contribution to descriptive economics. But, as that study clearly shows, Clapham's work was rooted too deeply in facts; he was too interested in the past causes of things—in fact was too much of an historian—ever to have remained an economist. So when he returned to Cambridge he did so as an economic historian. His next book, *The Economic Development of France and Germany, 1815-1914*, which he published in 1921 (in the first war, work in a government office had temporarily interrupted his learned work), was an economic history of the conventional kind and most of his lecturing and teaching were from now on in the same field. His great economic history of modern Britain followed in three instalments, 1926, 1932, 1938, and the history of the Bank of England was a war-time product.

Clapham's services to his subject are well understood. He was a pioneer in the sense in which all men who colonize virgin lands are pioneers; there were beasts and even men in the field before him, but he was the first to live and to build in a civilized way. 'On the ground on which Dr Clapham has worked and still works he found a mass of half knowledge, overgrown with picturesque and stubborn weeds. This ground he not only cleared, but in his own inimitable, lapidary way, has covered with a structure of facts as hard and certain as granite.' Thus wrote, in 1938, Clapham's successor to the Cambridge Chair, and to this he can now add but little.

The work of historians who build on the ground they themselves have cleared must be somewhat distorted by their weed-killing and scavenging preoccupations. And Clapham's work was no exception. Yet, as time went on, he learnt to pay less and less attention to the sentimentalities of his predecessors and to the mis-

conceptions of the man-in-the-street, and concentrated in an ever greater degree upon historical problems in the proportion in which they figure in contemporary life or interest the modern student of economics. In this sense his third volume of the *Economic History of Modern Britain* is better than his first two, and his *Bank of England* is perhaps the best of his books. And there is reason to believe that the popular book on which he was engaged at the time of his death might have shown Clapham at his freest and mellowest.

The mellowing process affected Clapham's personality and relations as much as it did his work. He was never more at peace with the universe than in the last phase of his life. His achievement had won universal recognition, and by degrees his own response to the world grew kindlier and freer. He was never a harsh man, but now at last the human currents, which had hitherto run true but deep, reached the surface. He took delight in meeting people, acquired a great liking for contacts with foreign scholars and for service on all sorts of academic charities and international schemes. It was touching as well as instructive to watch him in the chair at a recent conference of French and English historians. He conducted the meetings kindly, as well as wittily and firmly. At the end he even submitted to three resounding kisses from the chief French delegate, and one almost felt that he would have reciprocated had he known how.

The process even affected his style. He was always a master of the *mot juste*, and no living historian could turn an arresting sentence better than he, but a fluent page and, still more, a balanced volume did not come to him naturally until the last years of his life. He had the great fortune to die when his personality was at its fullest, his gifts at their ripest and his relations with men at their easiest.

Peterhouse, Cambridge

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M.G.—Manchester Guardian.

In addition Sir John Clapham contributed many articles to the *Alpine Journal* and reviews to several learned periodicals.

EDWIN FRANCIS GAY

By N. S. B. GRAS

EDWIN FRANCIS GAY, a Vice-President of the Economic History Society, did more to develop economic history in the United States than any other scholar. Born in Detroit in 1867, Mr Gay attended the University of Michigan from which he was graduated in 1890. Following the trend of his generation, he went to Germany for graduate work. The fruitful years from 1890 to 1902 were spent in German universities and at the British Museum and Public Record Office.

Gustav Schmoller had been a leading professor at the University of Berlin since 1880, and what he stood for appealed to Mr Gay. In his scholarly attitudes, Mr Gay followed Schmoller, except for the fact that he became an economic historian instead of an historical economist: interested as he was in the relativity of economic theory, he was more concerned with the factual background of the theory.

Mr Gay was much impressed by the essays of Karl Bücher, particularly the one that emphasized the market basis of economic development. He was influenced also by J. H. von Thünen, whose brilliant treatise he studied carefully, though he seldom referred to it. Von Thünen's *Der Isolierte Staat* (1826) helped to focus Mr Gay's attention upon the influence of the market on agriculture.

It was Schmoller who suggested that Mr Gay should write his doctoral dissertation on inclosures in England, for he felt that there had been no careful statistical study of the subject. With great zest Mr Gay plunged into this subject and produced a landmark in 'The Inquisitions of Depopulation in 1517, and the Domesday of Inclosures', *Transactions of the Royal Historical Society*, (1900) xiv. Two years later appeared his thesis entitled 'Zur Geschichte der Einhegungen in England', *Staats- und Socialwissenschaftlichen Forschungen* (Berlin). While Professor Ashley had maintained that inclosures in sixteenth-century England were extensive and for pasture and while Leadam and Nasse believed the inclosures were extensive and intended chiefly for tillage, Mr Gay concluded that, though they were for pasture, they were not extensive. During the period 1903-5 Mr Gay was to publish three additional articles on the subject. His *Essays on English Agrarian History in the Sixteenth Century*, announced for publication in London in 1913, never appeared, partly because R. H. Tawney and E. C. K. Gonner had covered the ground in 1912 and partly because illness and the pressure of other work held his hand.

Dr Gay became assistant professor, associate professor, and professor of economics at Harvard in rapid succession, 1902-6. Greatly admired by President Eliot, he was advanced rapidly to the consternation of his colleagues in economics and with the admiration of his colleagues in history, who welcomed him as both historian and economist and as an able successor to Ashley, who had left to go to Birmingham.

Professor Gay's principal course of instruction at Harvard in the early days was the economic history of Europe (medieval and early modern). This field he knew partly from the original sources and partly from the voluminous literature

in German, French, and English. His course on the economic history of modern Europe and America was for less advanced students and was farther from his early interests. His course on French and German Socialists was given to very few students, but those who took it knew the wealth of background that went into it. Professor Gay had absorbed not only the liberalism of Europe, but much of its interest in the common man and the social theories for his betterment.

Professor Gay was always suspicious of fine writing in economic history and shunned text-books and their authors. Himself, although ambitious to write, he found writing difficult. Loath to spend his time in administration, he loved to plan and guide. He never solved the conflict. To his graduate students, whom he served so well, he gave his best efforts and in their work he did write—vicariously. He gave to his graduate students the advantage of his power to analyse economic problems and to deal critically with the issues at hand. His constructive powers were in this connexion less marked, partly because he wished the individual student to come to his own conclusions. Profound as was his knowledge of economic history, he had little disposition to deal with the history of private enterprise and accordingly did not direct his students along that line.

In 1906 in the midst of his exciting studies and enthusiastic teaching, Professor Gay was asked to participate in the planning of a new graduate school at Harvard. Some wanted a school of diplomacy but Professor Gay's preference for a school of business won President Eliot's favour. Professor Gay's interest in economic history, especially marketing, and the fact that his father had been a successful lumberman in the West probably helped to turn his thoughts in the direction of business. Professor Gay was made dean of the new school, and during the period 1908-19 his administrative duties severely competed with his other interests. As dean he made many useful experiments, partly through consultation with business men. His was really a school of commerce and economics rather than a school of business administration, but he laid the foundation for the latter. Throughout his deanship the times were quite unfavourable to growth.

During the war (1917-19) Professor Gay reached the height of his administrative experience: in the Council of National Defence, the U.S. Shipping Board, the War Trade Board, and the War Industries Board. He was finally made director of the Central Bureau of Planning and Statistics. Here he displayed a fine combination of planner, scholar, and statistician. His knowledge of both American and European economic organization stood him in good stead.

In 1919 he gave up his deanship at Harvard and his duties in Washington. At the age of fifty-two he felt that he was graduating from university work and was eager to go out into the world of business. He refused lucrative offers but accepted the presidency and editorship of the *New York Evening Post*, in which a Wall Street friend of his was interested. Professor Gay had dreamed of a great American liberal daily newspaper, like the *Manchester Guardian*. The times (1919-23) were not ripe for such a venture, however, and the outcome was the loss of patrimony and prestige, which had some effect on health and outlook.

During the post-war years Dr Gay was actively promoting the affairs of the National Bureau of Economic Research and the Council on Foreign Relations, of each of which he was a founder and director.

In 1924 Dr Gay was made professor of economic history at Harvard. Mature students again came to him for guidance. He became editor of the *Journal of Economic and Business History*, though he never developed any interest in the

business history aspect of the *Journal's* field. At a dinner in 1932 a volume was presented to him, entitled *Facts and Factors in Economic History, Articles by Former Students of Edwin Francis Gay*. This was a belated recognition of the scholarly assistance and loving aid that Professor Gay had given to his graduate students. At the festive gathering on the occasion of the presentation of the volume, a wide range of friends assembled from business pursuits and academic life—economics, history, and government.

While still possessed of physical strength, Professor Gay retired from Harvard University in 1936. During later years he criticized himself for not having kept abreast of progress in economic historical research at home and abroad. Such self-criticism could come only from one who had given himself such a severe preparation for his life's work. Thoroughness was an underlying principle of his life.

Leaving for the milder climate of southern California, Dr Gay settled near the Huntington Library, of which his friend, Max Farrand, was director. Here he himself became chairman of the research staff and conducted seminars at the California Institute of Technology, where another good friend, W. B. Munro, was an honoured professor. He found time to help students at the Huntington Library and wrote an able article on the Temple family.

The illness and death of his gentle and charming wife greatly impaired his strength. Physical weakness, however, did not shut out plans for future study, but influenza, followed by pneumonia, really found him unprepared for further struggle.

Harvard University

ESSAYS IN BIBLIOGRAPHY AND CRITICISM

VIII. EARLY BANKING¹

By M. M. POSTAN

I

MUCH has been written in the last sixty or seventy years on the history of credit and banking in the Middle Ages and the Renaissance, and it is time a balance was struck. Something like a balance is now available in Professor Usher's authoritative volume. In it students of early finance will find assembled in a more or less consecutive fashion the full harvest of the author's lifetime studies. Indeed, at first sight the range of topics covered by the volume may appear unusually wide. But the apparent variety of topics conceals an essential unity of outlook, and in addition, the volume is knit together by the author's special expertise in matters Catalan. The whole of his second part is given over to banking in Barcelona before 1723—a subject on which he spent, before the war, years of patient research. And, although the first part deals with a wider range of financial topics, covering every aspect of early banking in almost every European country, it largely draws on the same Catalan sources. In fact it is possible to consider the second part as a detailed exemplification of the facts and ideas propounded in Part I.

Needless to say the second, and more purely Catalan, part can and will stand on its own feet. So thorough and comprehensive is Professor Usher's story of the Barcelona Bank of Deposit, that it is bound to take its place, along with Sieveking's history of the Genoese Bank, as a definitive account of a great bank and an indispensable monograph in the early history of finance. It begins with a general survey of medieval banking in Catalonia, which, like that of Italy and southern France, and unlike that of England, Flanders and northern Germany, arose out of the business of exchanges and was primarily in the hands of dealers in money. By the first quarter of the thirteenth century it became sufficiently important to draw upon itself the attention of city administrators and legislators. The activities as well as the numbers of private bankers came to be limited and controlled; they nevertheless continued to play an important part in economic life throughout Catalan history. In one field, however, that of public finance, they were soon overshadowed by the official bank, the great Bank of Deposit, which was founded in 1401 and continued to dominate deposit banking and public credit in Catalonia until the Bourbon conquest in the first quarter of the eighteenth century.

In the main the functions of the Bank were somewhat narrower than those of public banks in a later age. Its principal function was to finance the municipality and, to a smaller extent, the Counts of Barcelona. It held the city balances; managed the city's long-term debt (mostly annuities) and financed

¹ Abbot Payson Usher, *The Early History of Deposit Banking in Mediterranean Europe* (Harvard Economic Studies, No. 75, Harvard University Press, 1943, pp. xxi + 647. \$5.00).

city expenditure, and especially that devoted to war and to purchases of food supplies. On the other hand, it never became a true banker's bank or even a fully-fledged commercial bank. In the beginning, its relations with private bankers were fairly close, and it carried the current accounts of several important money dealers. By the middle of the century, however, the city had begun to legislate against the use of the Bank by private bankers, and, although the city ordinances were to some extent disregarded, the Bank of Deposit did not become a central bank. Similarly the city ordinances did not allow it to give credit or to open overdrafts to private depositors. This ordinance was also occasionally disregarded; it nevertheless succeeded in preventing the Bank from becoming a general commercial credit institution. The financing of the industry and trade of Catalonia largely remained in the hands of the private banks.

Indeed, the functions of the Bank were somewhat circumscribed even in the business of public finance in so far as it touched the management of currency. Under its rules the Bank was allowed to accept and otherwise to handle only full-rate coins, whereas the circulation of Barcelona was often made up of bad and clipped currency. At the very beginning of the seventeenth century the municipality was compelled to found a special bank, the Bank of the City, to handle, to receive and to make payments in low-grade money.

In certain other respects as well the Bank of Deposit was more limited (one is almost inclined to say more primitive) than the public banks of later ages. It did not issue bank-notes, and it did not operate with the mechanism of the fully negotiable cheque. Its relations with its customers were largely based on non-documentary acts—on verbal contracts and on personal contacts with the parties.

As I have said, some of the conclusions of the second part echo the ideas found in the first and more general part of the book, giving an inner unity to its many and various sections. Exactly how many, and how various, those sections are will be seen from a mere survey of the subjects, with which the first part deals. It begins with a brief sketch of the early banking system in Europe, which, so to speak, announces one of Professor Usher's main themes. He defines the functions of banks as that of deposit and of advances based on deposits, and consequently builds his account of banking progress on improvements in financial technique, and especially on the development of negotiable credit instruments. This naturally brings him to the subject of his next section, that of financial instruments. In his view medieval financial documents were transferable but not fully negotiable. Negotiability was a modern development, and Professor Usher devotes a whole chapter, the third, to the recent history of commercial paper. Then follows a survey of European fairs, both medieval and post-medieval, described very largely from the point of view of their financial function. Professor Usher reminds the reader how important was the part which the fairs played in medieval payments and how fundamental to the business of the fairs were their various clearing arrangements. Financial function often overshadowed the purely commercial activities at the fairs and survived long after the function of the fairs in international trade was taken over by the great commodity exchanges. In the next section Professor Usher discusses long-term credit in the Middle Ages, especially the sale of rents and annuities. The latter was to become the basis of public credit in continental towns and principalities, although now and again the towns had recourse to the more direct means of forced loans.

From some points of view the most valuable sections are the two concluding ones. The penultimate section attempts a quantitative estimate of medieval credit

transactions, and shows, with reference to Catalan evidence, that credit touched a very large proportion of the urban population: about a quarter of the inhabitants of Barcelona had dealings with the Bank of Deposit. The first part concludes with a most informative article on currency in which the author shows how the 'commodity' view of currency prevented 'token' money from emerging and how the vagaries of the bimetallic standard prevented the princes and the other money-issuing authorities from profitable exploitation of their powers over currency.

II

The subjects are thus too many and too broad to be treated otherwise than in a general and summary fashion. Yet about each of them Professor Usher contrives to say something new and important. The reader, however familiar with the subject, will find facts not hitherto cited and notions not previously expressed. Of the new facts none is more important than the quantitative measurements which the author has tried to introduce wherever possible. For the first time in the history of the subject students are given several estimates of the relative importance of credit transactions in the Middle Ages. What is even more important is that now and again Professor Usher succeeds in setting his estimates against the comparable facts of more recent banking transactions in America. The procedure may strike some medievalists as unconventional and may arouse protests from statistical purists, but it has left at least one economic historian with the regret that comparative estimates of this kind have not been attempted by students working in other fields of medieval economic history.

Almost equally impressive and gratifying is Professor Usher's ability to tell his story in terms of modern banking theory. Much of the earlier writing on this subject is shot through with doubt and ambiguity arising from the vague use of undefined terms. In so far as the earlier studies had any bearing on modern concepts it was very largely confined to legal doctrine. As a result the existing literature deals more with the legal technicalities of the financial contract than with the functional changes in the use of credit and finance. In this respect Professor Usher's book is the first history of early banking to treat the subject from the same point of view as that which underlies the histories of modern banks.

This does not mean that all the purely economic problems of medieval banking and finance are covered. Professor Usher could not be required to throw light on a number of fundamental economic issues of medieval finance which have not been discussed in earlier literature and for which the evidence may indeed be lacking. We are still left in ignorance about the source from which financial capital came; about the economic functions and social *provenance* of the depositors; and, above all, about the general effect of banking on economic activity. That an institution like the Bank of Deposit must have affected trade, production, employment and prices, and profoundly influenced the general economic development of Barcelona goes without saying. Yet we hear very little about these matters, and are instead left with the impression that the existing evidence being what it is, our ignorance will forever remain undissipated.

This criticism in fact applies not so much to Professor Usher as to the prevailing approach to the subject. Indeed, considering the scope and the variety of the book, points to which well-informed readers could possibly take exception are remarkably few. The present reviewer finds himself in slight disagreement

on no more than perhaps one important subject—that of the general function of medieval credit. Professor Usher quite rightly argues that in the past credit did not play exactly the same part as it plays to-day (p. 176). But is he equally right in assuming that the difference was not only one of form and function, but also one of quantity, and that in the nature of things 'we must expect gradations in the quantitative importance of credit at different periods'? (p. 176). Professor Usher would have been on firmer ground if he had used the word differences instead of gradations. The volume of credit must have differed from time to time, just as it differs in our own time from place to place, but there is no reason to suppose and no evidence to prove, that since the thirteenth century, or possibly earlier, credit transactions throughout western Europe were becoming more important as time advanced. True enough, the technique of banking transactions, and above all the perfection of financial instruments gradually rose throughout European history. But the growing perfection of banking technique denotes nothing else than the progress of banking and it does neither illustrate nor measure the general importance of credit. Elsewhere in the book Professor Usher himself emphasizes that the perfectly negotiable cheque was not necessary for the functioning of medieval credit (this fact will readily be corroborated by anybody who has tried to cash a cheque in France), and what is true of cheques is equally true of deposit banking in general. In fact it is possible to argue that in the financing of trade all banks do is merely to segregate and to professionalize the function of credit, and thus free the merchants from the necessity of conducting their affairs with other merchants on a credit basis. In England, Flanders and northern Germany of the fourteenth and fifteenth centuries, credit was not necessarily less widespread or less essential in economic life than it was to become later, when deposit banks appeared on the scene; it was only more disseminated in that it entered into every, or nearly every, transaction between merchant and merchant. Indeed, if the function of banking were defined not as Professor Usher defines it at the outset as that of deposits, but as the general provision or creation of credit, it might well appear that there was a greater relative volume of credit at some points in the Middle Ages than at some times and places in the nineteenth and twentieth centuries. For, after all, what determines the volume of credit is not the legal, documentary or institutional facilities for its management, but certain more purely economic facts, such as the volume of wealth, its distribution, the organization of trade and industry and, above all, the length of the production cycle and the average span of commercial turnover. Had Professor Usher been able to deal with these topics in addition to the many he has covered, he might have shown how, in some of these respects at least, the medieval use of credit was as great as in any other age.

This progressive and evolutionary tendency in Professor Usher's account apparently reflects the evolutionary presuppositions with which the existing literature of economic history is permeated. Thus he still assumes that throughout European history the volume of economic activity continually expanded. We read on p. 178 that 'since 1300, important changes have taken place in the volume of trade per capita, and in the number of transactions per capita directly involving currency or credit purchasing power', and that 'It was a common practice in France and England to pay the rents of agricultural holdings in kind, although the rent was stated in terms of money.' Elsewhere in the same section we are told that 'even when the lord was not actually in residence the obligation to pay rents required only local delivery of grain or produce.' I wonder whether Professor Usher would still have adhered to some

of his views on the evolution of banking had he realized that in England from the eleventh century the bulk of rents were paid in money, and that from the thirteenth century, and possibly even earlier, rents formed a very large proportion of agricultural revenues; that the proportion of agricultural rents to the total agricultural revenues was at its lowest in the thirteenth century, but that during that same century the relative importance of money rents declined merely because the direct exploitation of estates for the market increased. What is true of England is also true to a great extent of parts of France and greater parts of Germany. And if Professor Usher had seen the industry and trade of Flanders and northern France in the same fresh light in which we are now able to see the history of English agriculture, he might perhaps also have suspended his evolutionary hypothesis in the field of urban banking.

These observations, however, are too general and too speculative to have any bearing on the real qualities of Professor Usher's book and should not be construed as criticisms. Judged by every objective standard, Professor Usher's treatise is a highly important, and in some ways the most authoritative book on the subject yet written.

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IX. THE HISTORY OF EMPIRE¹

By J. W. DAVIDSON

I

OF the seven volumes of the *Cambridge History of the British Empire* which have now appeared, this one represents perhaps the most considerable achievement. As with previous volumes of the *History* the editors have had to contend with the problem that some of their subject-matter has either been left untouched by research workers or been dealt with only by writers whose premisses seem of dubious validity and whose preoccupations are of diminishing interest. Consequently, the chapters vary greatly in quality. Some are by scholars whose more extended work in the same or closely related fields still carries unchallenged authority. Such are the chapters by Sir Reginald Coupland ('The Abolition of the Slave Trade'), Sir John Clapham ('The Industrial Revolution and the Colonies, 1783-1822'), and Mr C. R. Fay ('The Movement towards Free Trade, 1820-53'). The two chapters by the late Professor Holland Rose ('The Conflict with Revolutionary France, 1793-1802' and 'The Struggle with Napoleon, 1803-15') retain a similar stamp of authority where they are concerned with diplomatic or military matters, though they are not always so satisfactory in regard to colonial policy or to conditions in the colonies. Other chapters deal with topics which are not new but upon which the writers had not previously specialized. Some of these are likely to remain useful for a long time—especially, perhaps, chapters by Professor J. L. Morison ('Emigration and Land Policy, 1815-73'), Professor E. A. Walker ('The Routes to the East, 1815-70') and Professor A. P. Newton ('British Enterprise in Tropical Africa, 1783-1870'). But perhaps the two most notable contributions to scholarship are those of Professor V. T. Harlow ('The New Imperial System, 1783-1815') and Mr H. J. Habakkuk ('Free Trade and Commercial Expansion, 1853-70'). Both break new ground, reveal a greater concern with social structure than generally emerges in other parts of the volume, and make a number of stimulating suggestions which deserve working out in greater detail.

Some of the other chapters are less satisfactory, as is inevitable in a volume of this size and variety. Thus, several contributors are too much concerned with events in Europe and do not intimately relate their material to the theme of imperial development. One may, for example, contrast the discussion by Mr W. F. Reddaway of Anglo-French rivalry with that by Professor Walker of 'The Routes to the East'. Professor Walker touches continually upon European diplomatic relations but never loses the main thread of his argument. Again, the chapters dealing with colonies where the population is mainly non-European, sometimes fail to take account of the peculiarities of the social structure. And the statement in the Preface that the compiler of the Bibliography has 'supplemented the material submitted by some of our contributors' is too evidently true. Work published in America has been largely neglected by several contributors. The result is particularly regrettable in regard to the history of the

¹ J. Holland Rose, A. P. Newton, E. A. Benians (general editors), *The Cambridge History of the British Empire*. Vol. II: *The Growth of the New Empire, 1783-1870* (Cambridge University Press, 1940, pp. xii + 1068. 50s.).

West Indies, which has been so largely elucidated by American scholars like L. J. Ragatz and F. W. Pitman. In this case, the volume gives us no more than a preliminary sketch.

In a work of this magnitude there are inevitably many small inaccuracies. The London Missionary Society was not founded in 1798 (p. 213), but in 1795; Robert FitzRoy did not spell his name with a small 'r' (p. 366); Sir George Grey did not resign from New Zealand in 1867 (p. 854), the Secretary of State announced the appointment of his successor in a manner calculated to serve as a snub; and the earliest of a number of errors in Mr Habakkuk's chapter is in the first line. Among more substantial points open to criticism some require more elaborate discussion than is possible in this review; but there are several which can be conveniently considered. Mr Reddaway's statement that in 1848 the constituent members of the United States of America possessed 'secession among their political rights' p. 547 is the unqualified acceptance of a partisan view. It is not strictly speaking accurate to write, as Mr J. R. M. Butler does, that with the signature of the Treaty of Waitangi early in February 1840 the North Island of New Zealand 'became British territory' (p. 356); that situation did not come about till signatures had been obtained from chiefs living out of reach of Waitangi, and sovereignty was not proclaimed till late in May. And there are several points of detail in Mr Guillebaud's accounts of the British West Indies which may need correcting. It is scarcely justifiable to adduce evidence of the general prosperity of West Indian sugar plantations from Trinidad (p. 487; conditions in Jamaica and in the Leeward and the Windward Islands were very different.

II

These are all points of detail. The volume, however, raises issues which are more fundamental. In their preface to Vol. I the editors paid tribute to the pioneering work of Sir John Seeley. In *The Expansion of England* (2nd ed. p. 2), Seeley wrote:

Some countries might pardonably regard their history as in a manner wound up. They were once great, but the conditions of their greatness have passed away, and they now hold a secondary place... But England has grown steadily greater and greater... It is far greater now than it was in the eighteenth century; it was far greater in the eighteenth century than in the seventeenth, far greater in the seventeenth than in the sixteenth. The prodigious greatness to which it has attained makes the question of its future infinitely important...

One feels at times that Seeley's aim of propagating a legend of imperial greatness has been followed rather too closely. The subject-matter of the *History* is defined only in romantic terms:

A long story of colonization and imperial policy, of the rise and growth of new nations and the assumption of vast responsibilities, a story varied in scene, but finding its unity in the activities of a maritime and commercial people... The time is not yet come when that story can be fully written. The British Empire is still in the long period of its growth. (Vol. I, p. v.)

In the Preface to the present volume the editors use the phrase 'reviving the ancient glory of British expansion' (p. vi). And they adopt the view that '... The restoration of colonial self-government... was the great contribution of early and mid-Victorian statesmen to the government of the Empire' (p. vii). They do not relate this relaxation of political control over settler colonies to the contemporary revolution in economic policy, of which it was the natural

complement; and they seem, too, to lay less emphasis than one might expect on the fact that the period was also the formative one in the history of the Colonial Office and of the system of crown colony government. In this they follow Seeley, the great precursor. The important, but mundane, business of controlling backward territories is relegated to a secondary place. The cogent, but uncongenial, arguments of the Little Englanders are not generally dwelt upon. The history of the empire tends to be seen primarily in terms of the spread of liberty and the growth of power.

While the editors themselves, in their capacity as contributors, do not fall into the errors of a romantic approach to the subject, some of their colleagues do. Thus in the two chapters by Mr Reddaway ('Anglo-French Colonial Rivalry, 1815-48' and 'Great Britain and France, 1848-70') action in England relevant to his theme is often treated as if it were entirely motivated by desire for, or opposition to, imperial expansion. Overseas, Englishmen tend to become 'the English' (or 'the British') and Frenchmen 'the French'—even sometimes when they are missionaries or whaling masters, concerned primarily (one might suppose) in the one case with the saving of souls and in the other with the accumulation of profits. Thus we are told that 'in March 1832, indeed, the British showed some perturbation at the report of a French expedition to New Zealand... The country had long attracted the attention of the French...' (p. 258). In fact, 'the British' on this occasion consisted of the Governor and Executive Council of New South Wales, who sent a warship to New Zealand to see what a French naval vessel was engaged upon in New Zealand waters. Neither the British nor the French government had given serious thought to the country. Or, again, we read (p. 269) that a French protectorate was established over the Gambier Islands (in 1844). What actually happened was that a French naval officer visiting this remote and quite unimportant cluster of islands in eastern Polynesia was asked by the local chiefs for French protection; he granted the request provisionally; but the French government took no action to confirm it. (A French protectorate was eventually declared in 1871.)

The sentence in which this alleged action regarding the Gambier Islands is mentioned illustrates the lack of proportion into which a writer may be led by preoccupation with international rivalry. It is: 'While in France British enterprise, British capital and British labour were making railroads, a new protectorate, that of the Gambier Islands, was enlarging the French dominion in the Pacific.' A number of other instances of 'rivalry' are described—some of them largely unreal or quite trivial—and this leads Mr Reddaway to conclude that 'such relations hardly promised future peace' (p. 269). Events provide an adequate commentary: there was peace.

The dangers inherent in this type of interpretation are shown most clearly perhaps in Mr Reddaway's account of the events leading up to the British annexation of New Zealand. He writes (p. 264):

Although the numbers of the British colonists in New Zealand were steadily increasing, the Government at home had long shown the utmost reluctance to a proclamation of sovereignty over the islands. The missions... were anxious to preserve the natives from the disastrous effects of settlement, whether by convicts or others, and their opposition reinforced the desire of the Colonial Office to avoid a step which, it judged, would necessitate the maintenance of costly armed forces at the other side of the globe. Despite the enthusiastic advocacy of Edward Gibbon Wakefield, a move might have been still longer delayed had it not been for the suspicion aroused by the action of the French Government in

supporting the formation of a colonizing company. Wakefield's arguments had been powerfully aided by every rumour of French designs. . . . The formation of the French company may be said to have decided the issue.

In brief, the argument is that the unwillingness of the Colonial Office to advise annexation was overcome by the arguments of Wakefield and his associates and by the fear of French action. This interpretation of events, which was originally created by Wakefield's friends and followers, has since found general acceptance because colonial historians have been so ready to believe that the Empire has been made by imperialists (or marred by Little Englanders). It bears only a shadowy relation to the truth.

In reality, there was no abrupt change of policy. By 1830 it was recognized in the Colonial Office that some means of regulating the relations of British traders and settlers with the Maoris would have to be found. In 1832 James Busby was appointed British Resident in New Zealand for this purpose. But his powers soon proved to be inadequate; and, as trade and settlement increased, the problem again became pressing. Many suggestions as to the form further action should take were put forward. The proposal which attracted most attention in the Colonial Office was that received from Captain William Hobson early in 1838. Hobson had studied conditions on the spot and had prepared his report at the special request of the Governor of New South Wales. He suggested that land round the principal ports should be obtained from the chiefs, and that it should be annexed and attached to New South Wales. These British settlements should be organized as 'factories', on the Indian model, and in each the 'chief factor' should be given the powers of a magistrate. Towards the end of the same year the Colonial Office prepared to move. It was determined that the Resident should be replaced by a Consul; and the post was offered to Hobson. A preliminary draft of his instructions was prepared in January 1839. It proposed that he be given power to negotiate for the cession of certain areas (as he himself had suggested); and over any territory which might be thus obtained he was to rule as Governor. But as the year advanced it became clear that settlement was bound to spread rapidly—partly as a result of the activities of Wakefield's New Zealand Company, partly as a result of migration from the Australian colonies. Thus, when the final draft of Hobson's instructions was prepared, in August, it was provided that he should have power to negotiate for the cession of the whole of New Zealand, or of as much as the chiefs were willing to transfer. The object of the British government remained unchanged. It recognized its obligation to maintain order where a large number of British subjects had settled amongst a native people. It had not adopted the grandiose notions of the 'systematic colonizers'.

What place have 'Wakefield's arguments' in this development? By the time of the New Zealand Company's deputation to the Secretary of State in June 1839—which is a key point in the conventional thesis in its extended form (*Cambridge History of the British Empire*, VII, Part II, p. 72)—the government's policy had been worked out; the deputation altered little or nothing. And what of the French company whose formation 'may be said to have decided the issue'? That did not come into being till October 1839, two months after Hobson had received his final instructions. To study imperial expansion in Mr Reddaway's terms is to court continual disaster—even on the elementary level of factual accuracy.

A quite different, but even more important, question is raised by the work of a number of other contributors. How far, one is forced to ask, is it possible to

study the history of the British Empire except as part of the broader study of British relations with the extra-European world as a whole? The point is clearly illustrated by Professor Harlow's chapter on 'The New Imperial System, 1783-1815'. He is able to develop his main theme—the working out of new methods of colonial government—within the ordinary framework of imperial history. This is so because the existence of a political link between Great Britain and the colonies is a factor of primary importance in regard to constitutional development. But as soon as he touches on economic matters he finds it necessary to broaden his field of study. Thus he writes (p. 163):

The rapid rise of Great Britain to supremacy in industry led her in this period to conserve and not to dissipate the technical skill of her artisans and her producers of food and to look for vaster markets than her own people could ever create by settlement. She planned a great commercial 'empire' in the Mississippi basin and another in Spanish America, where British manufactures could be exchanged for raw material without incurring the burden and friction of political responsibilities.

Or, again, Mr Fay, in the course of his excellent analysis of British overseas commerce between 1820 and 1853, writes (p. 399):

This kind of foreign trade was very different from the old regulated trade within the limits of empire. The shipping crept along the continents and traded with all and sundry, now in the regions of formal empire, now in those of informal empire....

Consequently, the three contributors who are most completely concerned with economic development (Sir John Clapham, Mr Fay and Mr Habakkuk) devote a considerable amount of their attention to what Mr Fay so well calls 'regions of informal empire'. Sir John Clapham, for example, in discussing the growing demand of the Lancashire cotton industry for raw material, has to deal with foreign sources of supply as well as with those within the empire (p. 225). Similarly, Mr Habakkuk, whether he is dealing with exports, with investment, or with shipping, is forced to take practically the whole world as his field of study. He devotes much attention to relations with the United States; and, again, he observes that, 'The trade with India was an integral part of British trade with China' (p. 778). Professor Walker, also, in writing of 'The Routes to the East', treats the 'regions of formal empire' as parts of the vast eastern world in which British traders and investors were interested. The point should not need labouring: it is implicit in the adoption of Free Trade and the abolition of the Navigation Acts.

The historian of imperial migration is compelled to adopt a similar standpoint. Professor Morison (writing on 'Emigration and Land Policy, 1815-73') emphasizes the limited extent to which emigration from the British Isles was directed or regulated either by the government or unofficial organizations, and he shows how high a proportion of the emigrants went to the United States. (In 1847 about 250,000 out of a total of 258,270 went there; in 1852—the peak year for emigration—emigrants to the States made up 244,261 out of a total of 368,264 (pp. 443, 453).) There is, thus, an atmosphere of unreality about a statement such as that made by Mr Guillebaud on p. 480: 'The expansion of British colonization in North America and Australia during the first half of the nineteenth century diverted in other directions [than towards the British West Indies] the main stream of emigration of men and capital.' Far more important than the expansion of British colonization was the development of the western

regions of the United States. During most of the second half of the nineteenth century economic conditions in the United States were a determining factor in regard to emigration from all European countries. When conditions were good there, money and exhortations to migrate poured into thousands of villages in all parts of Europe; and great numbers of the recipients made haste to use the chance which was offered to them.

The social and economic history of the British Empire can thus be written satisfactorily only when it is related to a wider field of study. Once that step has been taken the imperial historian can begin to consider a problem which is peculiarly his own. What has been the importance, in respect of social and economic change, of the existence of a political link between Great Britain and the colonies? Among the contributors to this volume Mr Habakkuk alone has considered this question in detail. He assesses the particular advantages of investing in colonial government securities, as against foreign securities. 'These...', in the words of the *Bankers' Magazine* in 1869, 'are Anglo-Saxon; growing with the growth of the colonies, firm as the granite rocks that underlie the earth, neither to be jeopardized by revolution, nor to be impaired by suspense or repudiation' p. 788. There were comparable advantages to be derived from investment in colonial railway companies whose shares were backed by a government guarantee. Similarly, Mr Habakkuk takes into account the economic consequences of the fact that so many members of the middle class, with commercial connexions in England, settled in the colonies during the course of the century.

The colonial historian studying migration, public opinion or a wide range of other topics, could work more profitably if he recognized that it was his particular function to study these marginal factors. The history of migration to the colonies is to be properly understood, for example, not by ignoring the fact that the majority of emigrants from the British Isles went to the United States, but by considering the extent to which the policies of the British government and the governments of the colonies influenced an exodus which was largely uncontrolled. Similarly, opinion in the colonies of settlement on subjects such as self-government and imperial relations is best comprehended, not by assuming that they were merely newer Englands beyond the seas, but by recognizing that they were societies essentially different, and yet were influenced by their political and cultural linkages with Great Britain.

This criticism, however, must not be misunderstood. All it means is that it may well be impossible to produce a history such as the editors have in mind, without either ignoring much that is necessary for a full interpretation or else becoming involved in something much wider than the history of the British Empire alone. To admit this is in no way to deny the importance of the present volume (or of the *Cambridge History of the British Empire* as a whole); it will long remain an indispensable work for those concerned with many of the topics with which it deals. The readers will also note that the work of planning and editing has been most carefully performed. As in earlier volumes, the Bibliography is full and well-arranged—it runs to 120 pages; and the Index is of the usual standard for the *Cambridge Histories*.

REVIEWS

THE WOOLLEN INDUSTRY

G. D. RAMSAY. *The Wiltshire Woollen Industry in the Sixteenth and Seventeenth Centuries*. (Oxford University Press. 1943. pp. 149.) 10s.

Only one of the three principal clothmaking districts of England has so far found its historian, and while Professor Heaton's work on the *Yorkshire Woollen and Worsted Industries* remains our only full-length study, our knowledge of the history of the industry as a whole must be partial and wholly disproportionate to its importance in England and Europe. For East Anglia we have only Unwin's slight sketch in the *Victoria County History*, and still more serious is the gap in the case of the west of England region. The publication of Mr Ramsay's careful researches into one part of this region in the hey-day of its prosperity is therefore a most welcome contribution towards filling the gap. Mr Ramsay's study deals both with the north Wilts district, centring on the inland basin of the Bristol Avon, and with the southern Salisbury and Wylde valley district; it excludes the outposts of the Kennet area round Marlborough and Ramsbury. Despite his modest disclaimer it is based upon as thorough a search of the available material as would seem humanly possible, and it is to be hoped that his determined assault upon some too little used sources may assist in removing the obstacles that still confront the student of England's local archives. Even the national archives are not yet as readily accessible as Mr Ramsay would have liked. At Somerset House, as he points out, only the register books may be perused without payment; for the inventories—much more likely to be of value to the economic historian—a fee is charged. At the Public Record Office work on the sixteenth century is as yet much easier than on the seventeenth, since though the bulk of documents is much smaller, a far greater proportion is either calendared or indexed.

Mr Ramsay's examination of the structure of the Wiltshire industry in the sixteenth century confirms the general picture already familiar of a wide variety of organization, with large-scale enterprise and the small free craftsman competing side by side, and the wool brogger, despite the opposition of staplers and greater clothiers, taking an increasingly important part in the business. In central Wiltshire, towards the middle of the century, he discerns something like an oligarchy of large capitalist families, intermarrying with each other, wielding great influence in the county, and arousing the dislike of the county gentry, who attempted to set a limit to their acquisition of land by the Act of 1576. Drawn from the class of small landowners or weavers, they either succeeded in entering the ranks of the county families themselves or sank back into the peasantry. In the Salisbury region, about which very little has hitherto been known, Mr Ramsay finds the industry at this time almost entirely in the hands of small clothiers and weavers, marketing their products locally to the great Salisbury merchants. Particularly interesting is his study of the changes in organization here resulting from changes in foreign demand and the direction of trade in the latter half of the century. With the decay of Southampton and the increasing importance of the central European markets supplied from London, Salisbury became absorbed in the economic hinterland of the metropolis and began to

produce the broadcloth in demand by the Easterlings in place of its former rays, while the disappearance of its local mercantile magnates was accompanied by a minor industrial revolution and the establishment of a new oligarchy of manufacturers.

The golden age of the Wiltshire woollen industry was in the reign of Henry VIII. Mr Ramsay gives abundant illustration of the crisis that followed, and proceeds to trace the subsequent fluctuations of the trade to the end of the seventeenth century. During the recovery of the late sixteenth and early seventeenth centuries an increasing proportion of the London trade in whites was carried by Wiltshire, though the standard of living of the industrial worker would appear to have declined. The chronic depression of the 1620's he rightly attributes less to the collapse of the Cockayne experiment than to the cumulative effect of the Thirty Years War, with its disastrous shrinking of the German market. Much new light on this period is to be found in the Devizes Quarter Sessions Rolls, with their tale of declining profits, reduced wages, unemployment, starvation and business failures. Recovery came only as the industry liberated itself from dependence on the central European markets, expanding old or developing new markets in France, Portugal, the Levant and, still more important, the Indies. Wiltshire adapted itself to these changes with striking success, turning once again to the manufacture of new types of cloth, particularly Coloured cloth and serges; with the post-Restoration expansion of trade the day of the wealthy clothier returned, and the Methuens and Goldneys were now no less influential than the Stumpes and Hedges had been in the sixteenth century. But though the life of the Wiltshire industry was prolonged for two centuries, the increasing variety of its products brought it into more direct competition with those north-country manufactures which in the end were to supersede it.

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THE DUTCH IN THE BALTIC

AKSEL E. CHRISTENSEN. *Dutch Trade to the Baltic about 1600*. Studies in the Sound Toll Register and Dutch Shipping Records. (Einar Munksgaard, Copenhagen, Martinus Nijhoff, The Hague. 1941. pp. 490. Cr. Dan. 35.)

Ever since the first series of Sound Toll tables was published by Mrs Nina Bang in 1906, the interpretation of this remarkable material has been a matter for controversy amongst economic historians—especially those concerned with Dutch commercial history. While Mrs Bang assumed that the Sound Toll 'statistics' were a 'true reflexion' of Baltic trade comparable with modern commercial statistics, and was in this followed by historians like Kernkamp and Baasch, others—notably Brünner, Huhnhäuser and notably Astrid Friis—were more critical. A double theme runs through Dr Christensen's studies. First, following the example of earlier writers, he tries to establish the degree of reliability of the Sound material by checking it against other sources in the archives of the Netherlands, Sweden and Danzig. Secondly, bearing in mind the margins of error revealed by these inquiries, to analyse the nature, volume and importance of Dutch trade in the Baltic, and in particular to ascertain what truth there was in the claims continually put forward by contemporary writers that this trade was the 'soul', the 'mother' and the 'vital nerve' of Dutch trade.

Dr Christensen has set about his task with vigour and thoroughness. He has made straight for the weak points of the Sound material—the ambiguities surrounding the question of domicile (whether it was the domicile of the ship or the shipmaster), the problem of the increasing carrying capacity of Dutch bottoms, the allowance which must be made for frauds practised on the customs officers (a factor which varies with the changing efficiency of the customs administration). The calculation of these errors and the adaptation of this faulty but unique material to statistical inquiry constituted an impressive piece of historical investigation. Dr Christensen shows that, though the figures as edited may be dangerously misleading, the Sound trade material is indispensable as a basis for a quantitative investigation of Dutch trade. He thus rejects both the optimism of Mrs Bang and the pessimism of those like Brünner who preferred the notarial material.

His historical conclusions are not less important than his technique of inquiry. He follows, with much evidence that will be new to English readers, the development of the Dutch Baltic trade, confirming its growth far into the seventeenth century. There are valuable chapters on the rise of Amsterdam as the controlling centre of Dutch shipping; on the growth of the carrying capacity of Dutch ships; on the economic organization of the shipping trade. A remarkable section of chapter iv demonstrates clearly how, in the period before the use of marine insurance, the policy of spreading risks helped to diversify and separate the economic functions of the Dutch merchants, shipowners and factors. The structure of the Baltic trade—loaded ships coming from the East with corn, ships in ballast or salt ships going into the Baltic—meant that it was often difficult to find sufficient cargoes for the Baltic: imports from that area usually exceeded exports. Corn was the determining factor in the growth and nature of Dutch Baltic trade, and Amsterdam was the centre of that trade. Chapter viii has valuable sections showing how bullionist theory was rooted in commercial practice. Finally, there is an excellent chapter on the corn trade in the seventeenth and eighteenth centuries in which Dr Christensen confirms Dr van Dillen's view that there was no catastrophic decline in the general level of the Baltic trade in the seventeenth century. In general, Dr Christensen has confirmed with substantial evidence a number of accepted but hitherto unsupported generalizations; he has also evolved several new and valuable propositions.

Dr Christensen's skilful handling of primary sources is supplemented by a wide reading of secondary sources. One might have expected that he would refer to Professor Barbour's excellent article on English and Dutch merchant shipping in the seventeenth century in the *Economic History Review*, 1929-30 when dealing with the problem of carrying capacity. And it is possible that in an appreciation based on statistics of bulk cargoes the significance of textile exports to the Baltic may have been underrated. Nevertheless, Dr Christensen's work will be indispensable to any historian dealing with the Baltic trade; previous references, e.g. those in Baasch's *Holländische Wirtschaftsgeschichte* or, more recently, in Mr Harper's study of the English Navigation Acts, will have to be carefully re-examined in the light of this study.

The presentation of the studies does not make for easy reading. The results of the author's investigations are closely interwoven with details relating to the technique of inquiry. This was perhaps unavoidable, but it would have been useful to have had at least a clear summary of Dr Christensen's valuable conclusions unclouded by references to the difficulties of statistical method. The same dualism no doubt accounts for a good deal of avoidable repetition. Finally,

there is the question of the translation which is a good deal less than happy: there are too many turgid passages obscured by economic jargon, and there are many sentences which barely make sense. There is much in these studies that is of general historical interest, but if the average reader sometimes misunderstands Dr Christensen's meaning or alternatively gives up hope of grasping it, much of the blame must lie with the presentation and translation.

CHARLES WILSON

Jesus College, Cambridge

STRATEGY AND COLONIAL POLICY

GERALD S. GRAHAM. *Sea Power and British North America, 1783-1820*. (Harvard University Press. 1941. pp. xii+302. \$3.50.)

Mr Gerald S. Graham has made an important contribution to the increasing number of studies of British colonial policy during a period which, until recently, was generally neglected. He is primarily concerned with the application of this policy to British North America; but since the Navigation Acts and their relation to British sea-power are involved, he is really concerned with its fundamentals. However, the student of imperial history will welcome this book simply for its clear and convenient account of British commercial policy in this important sector during a period of transition.

If the Navigation Acts were the core of the Old Colonial System, much more was involved than commercial advantages. Defence was, indeed, 'of much more importance than opulence'. Since these acts were held to be essential to the strength and efficiency of the Royal Navy, their hold on the public mind could not be shaken simply by demonstrating (as was no doubt possible by the end of the eighteenth century) that England's industrial advance was already such that she could afford to dispense with the assistance which these acts might once have given her trade. Indeed it is obvious enough that once a political event (i.e. the American Revolution, had torn a gaping hole in a closely-knit economic system, modifications of British commercial policy were inevitable. But contemporaries who criticized the Navigation Acts from the purely commercial angle realized well enough that they must also consider them from the point of view of national security. As an instance one may turn to Mr Graham's quotation from the *Edinburgh Review* (1809). The writer does not deny the value of the Navy; what he seeks to prove is that 'the magnitude of our navy is due, neither to navigation acts, nor to colonial monopolies, but to the financial means of an industrial country, the labour of whose population supplies a fund which enables its government to maintain a great establishment in arms'. But it was to be many years before this point of view was generally adopted.

Why then did the 'security' argument apparently remain effective so long after the 'commercial' argument had pointed to the repeal of the Navigation Acts?

The answer to this question is not so easy to find. If, as Marx and Engels were to point out, forms of economic organization determine in a large measure both the actual instruments of war and the character of military operations, to a startling extent the converse can also be true. We might, therefore, expect that the disappearance of the Navigation Acts would coincide with, or soon follow, some decisive change in the technique of warfare. This is not really the case. In 1850 British war-strategy and the actual technique of warfare were not essentially

different from what they had been a century earlier, though tremendous changes might be in the offing both at sea and on land. Sea-power in particular still had much the same relationship to a large and prosperous mercantile marine as it had had in the days of Drake or Rodney. One is inclined, therefore, to attribute the ultimate failure of 'defence' to prevail over 'opulence' to the fact that the battle of Trafalgar gave Britain over seventy years of unchallenged supremacy at sea; a supremacy due largely to the fact that there was scarcely a serious challenge at all. In such circumstances defence ceased to matter as much as it had in those eighteenth-century days when Bourbon sea-power was so formidable. Eventually, therefore, both the main arguments in favour of the Navigation Acts were weakened where only one had been so affected by the American Revolution. The long interval of time involved will interest those who seek to assess the relative importance of various factors, economic, strategic, psychological, in the determination of national policy.

Mr Graham can thus be congratulated not only on throwing light on some hitherto dark places in the history of British colonial policy, but also on stimulating interest in deeper matters, such as the relationship between strategy and policy which, so often, are overlooked.

J. E. TYLER

University of Sheffield

SHORT REVIEWS AND NOTICES

G. E. FUSSELL. *Farming Systems from Elizabethan to Victorian Days in the North and East Ridings of Yorkshire*. Illustrated by Margaret R. Curry. (City of York. 1944.) Mr Fussell's survey of farming practice in the North and East Ridings of Yorkshire is written as an introduction to the Kirk collection of farming gear and implements at the Castle Museum, York, a considerable number of which are illustrated by Margaret Curry in the concluding pages of the book. The author's local surveys of farming systems need no commendation. This one of the North and East Ridings is based on a careful study of Yorkshire material scattered throughout a variety of printed sources from 1618 onwards, more especially perhaps of the nineteenth-century evidence given before various select committees on agricultural distress up to the appointment of the Royal Commission of 1881. The second half of the essay is a useful account, month by month, of the farmer's year in Yorkshire, based upon Thomas Tusser's Elizabethan Calendar, but is necessarily of less interest to the economic historian than the pages which precede it. ✓

W. G. HOSKINS

University College, Leicester

ERNEST BARKER. *The Development of Public Services in Western Europe, 1660-1930*. (Oxford University Press. 1944. 5s.) The comparative study of public administration, as Sir Ernest Barker remarks, is 'too little pursued'. The political and economic drawing together of Western Europe increases the need for it. This small book is an introductory essay on some general factors in the administration of three countries, France, Prussia and England, in the eighteenth and nineteenth centuries, dealing in more detail with four specific state functions. The first two are military organization or conscription and taxation. Thirdly, Professor Barker attempts to cope, in twelve pages, with the social services in these countries, by which he means the relief of poverty, factory legislation, and the extension after 1880 of the earlier conception of relief, or the securing of minimal conditions of e.g. sanitation, into one of such more ambitious efforts as provision of houses, social insurance, etc. Finally, there are some pages on the history and development of state education.

This is a large field. Pieces of it offer big returns for intensive cultivation. Here is a general introduction, historically treated.

H. R. G. GREAVES

London School of Economics

The Letters of John McLoughlin, Second Series, 1839-44; Third Series, 1844-6. Ed. by E. E. RICH with an introduction by W. KAYE LAMB. (The Hudson's Bay Record Society, 1943 and 1944.) The first volume of McLoughlin's *Letters from Fort Vancouver to the Governor and Committee of the Hudson's Bay Company*¹ has been followed by two others which cover the period 1839-46. This brings the period of his service to the Company to an end. The three volumes provide indispensable material for the history of the Columbia department at a very important moment. As recent developments in the North Pacific will stimulate interest in the history of this part of North America, Mr E. E. Rich and the Hudson's Bay Record Society can be congratulated upon a most opportune addition to their Series. Though they do not cover the whole of his remarkable

¹ Reviewed in Vol. XIII, 1 and 2, p. 123.

career, the letters and supplementary documents printed with them must also be a principal authority for any study of McLoughlin himself. Dr W. Kaye Lamb's introductions in fact provide such a study and take in a wide range of sources and studies besides the letters themselves.

J. E. TYLER

University of Sheffield

R. H. SNAPE. *Britain and the Empire, 1867-1945*. (Cambridge University Press. 1945. 6s. 6d.) This survey of the recent history of Britain and the Empire should appeal to a wider circle of readers than the schools for which it is primarily intended. It has the merit of being a balanced survey, for economic and social changes and imperial affairs are discussed as well as political changes. It is an essay in contemporary history and includes a chapter on the second world war. The description of events in the second half of the nineteenth century serves admirably as a background against which to study the problems of the present day. The book is well illustrated.

W. O. HENDERSON

University of Leeds

ROBERT MACHRAY. *The Problem of Upper Silesia*. (Allen and Unwin. 1945. 6s.) This little book presents the case for the annexation of Upper Silesia by Poland. The second chapter is of interest to students of economic history, for here some useful information—taken from books and reports not easily accessible to English scholars—is given on recent industrial developments. The author considers that before 1914, when the coal mines and the manufactures dependent upon them were all in Germany, the province never played a really significant part in the economic development of the Reich. Upper Silesia was too remote, and hostile tariffs made it difficult for the coal and the industrial products of the district to find a market in Russian Poland. The Germans improved transport facilities and gave Upper Silesia preferential treatment in the matter of rail charges. Such measures, Mr Machray argues, had a political rather than an economic significance. They aimed at strengthening the German element in the district and they achieved only a limited success in the economic sphere. But, whatever may have been the motives and the shortcomings of Germany's policy in Upper Silesia, it may be recalled that on the eve of the war of 1914 the province produced some 43 million tons of coal (nearly a quarter of the Reich's total output) which was more than the whole of France's coal production. And after the partition of 1921 the small part of the industrial area that remained within the Reich undoubtedly made remarkable progress. Readers will not necessarily accept Mr Machray's point of view but they will be grateful for the useful facts, statistics, and maps and the short bibliography which his essay contains.

W. O. HENDERSON

University of Leeds

LUCIUS WILMERDING, JR. *The Spending Power. A History of the Efforts of Congress to Control Expenditure*. (Yale University Press and Oxford University Press. 1944. 25s.) The theme chosen by Mr Wilmerding is richer in its teaching values than the mere title might suggest. For it illustrates in detail (and with a good deal of human interest) the difficulties inherent in the application of the famous maxim of the Massachusetts constitution which lays down the canon that, in a free state, there should be 'a government of laws and not of men'. There have been laws in plenty, but they have been made by men and administered by men and the

ideal of the totally objective state authority has proved a will-o'-the-wisp. The early doctrine of the 'salus populi' has degenerated into a doctrine of administrative convenience and when Congress, as in the Act of 1874, has thought it has tied the hands of the executive, the results have not been uniformly gratifying. Mr Wilmerding's basic criticism is not that Congress indulged in locking the stable-door after the horse had been stolen, but that it did not take enough pains to discover when the horse had been stolen. It has not given itself adequate means of information for the carrying out of its constitutional duties and powers of appropriation and control. Indeed, in modern times, it has been the executive departments, the Treasury under Mr Mellon, the White House under Mr Roosevelt, who have tried to give Congress means of information which it did not insist on having. The Act of 1921, based on a thorough misunderstanding of British practice, seems to have been taken by most members of Congress as an excuse for avoiding thought and effort. Senator Byrnes (as he then was) testified to the futility of the office of Comptroller-General as designed in the Act of 1921. Whether by the sole fault of the design or by the auxiliary fault of Mr McCarl, the incumbent, an independent audit for congressional use was not provided. And in the revolt of conservative Democratic members of Congress against 'that man in the White House' which resulted in the defeat of the Roosevelt re-organization proposals in 1938, the reform of the office of Comptroller-General was killed. Since Mr Wilmerding realizes how much politics had to do with this decision, he might have probed a little into the political reasons for congressional zeal in the late seventies. Was there no importance in the fact that, from 1874 to 1880, a Democratic House of Representatives had a genuine party interest in discrediting a Republican administration? For students of public administration and public finance, this study is of great value.

D. W. BROGAN

Peterhouse, Cambridge

Economic Problems of Latin America, edited by SEYMOUR E. HARRIS. (McGraw-Hill Book Co. 1944. 84.) Seventeen economists, most of whom are, or have been, in United States Government service, attempt to analyse the Latin-American economies and the effect of the war upon them. Seven chapters are concerned with special aspects of Latin-American economic life, from the problems of agriculture to those of banking and price stabilization, ten consist of studies of individual countries, including Haiti and Paraguay but omitting Uruguay and Peru. The question of industrialization is dealt with *en passant*, but it is not, like budgetary policy, accorded the dignity of a special treatment; and much, indeed, that one might reasonably expect to find in a volume entitled *Economic Problems of Latin America* must be sought elsewhere, in, for example, the recent volume of Soule, Efron and Ness, *Latin America in the Future World*, or in George Wythe's *Industry in Latin America*. For Mr Harris has been a lenient editor and he has failed to impose a coherent design and a uniform standard on his contributors. The result is that parts of the book are too specialized for the general reader, and the rest is too general for the specialist. Nor, perhaps, is the distinction invariably held in mind between those problems which are the result of temporary war-time dislocation and those which are more deep-seated and intractable. But with these reservations this volume is a useful addition, and, in its technical discussions, a highly valuable addition, to the economic literature of Latin America; and while, as Mr Harris himself remarks, in looking to the future, 'much will depend on the liberal trade policies of the major powers', his book very properly shows that the solution of Latin America's economic ills—and aspirations—is not as simple as that.

R. A. HUMPHREYS

University College, London

Inter-American Affairs, 1943. Edited by ARTHUR P. WHITAKER. (Columbia University Press. 1944. 20s.) This is the third volume in an annual series, of which, in the words of the editor, the main purpose is 'to promote inter-American understanding by recording, with critical comment and interpretation, the principal developments of each year in the political, diplomatic, economic, social, and cultural fields'. The reader of this *Review* is most likely to be interested in Mr George Wythe's general survey of industry, commerce and finance, and in Mr Carson's essay on 'Financing Latin America's Industrialization'. On the political side the volume covers, with notable discretion, the beginnings of the present upheaval in Argentine affairs and the *coup d'état* in Bolivia. It contains also fourteen statistical tables, five maps and a chronology of events. Nowhere else is so much useful information on contemporary developments in Latin America so easily to be found, and it may be hoped that this annual survey is now permanently established.

R. A. HUMPHREYS

University College, London

THE ECONOMIC HISTORY SOCIETY

THE ANNUAL MEETING

The Hon. Secretary of the Council communicates:

The Annual meeting of the Society was held at the London School of Economics on Monday, 15 April 1946.

Professor Tawney was elected President and took the Chair with a tribute to the late Sir John Clapham and to the late Professor Gay. Mr Lipson's resignation from the Council was accepted, but the remaining members of the Council and officers were re-elected, with the following additional members for the Council: Professor Hancock, Professor Redford, Mr Court, Mr Lennard and Mr Hamilton.

The first discussion, on Regional History, was opened by Professor Darby, who emphasized the individuality of a region as a subject for historical study and regretted that governmental units, and their records, crossed the boundaries of regions and so led historians to neglect those natural entities. Dr Chambers followed, with a paper illustrated by lantern slides; he dealt in some detail with the particular region of Northamptonshire to illustrate his arguments and showed methods of local inquiry and survey in which school children could be profitably interested.

A lively discussion followed the two opening papers; most emphasis was laid on the need to break from the dominance of London and the records of central government, on the need for more and better maps, and on the soundness of getting pupils interested in the historical significance of the topography of the area in which they live.

In the afternoon Professor Hancock opened a discussion on Contemporary Economic History. Despite difficulties in teaching and examining in contemporary history, he felt that contemporary history could, and should, be studied. The chief difficulties were bias, and the bulk of the material available; but studies which had proved of practical importance had already been produced, and more should be forthcoming, particularly in view of the opportunities afforded by the scheme for the official history of the war effort. Mr Court followed with a summary of some of the difficulties which beset a contemporary economic historian, mainly difficulties of bulk, and of obtaining access to documents. These troubles are offset by genuine historical training and by a technique of going to the documents with problems prepared; browsing is impossible in view of the mass of evidence. Knowledge of the personalities involved is a great asset, and the criticism of the participants and the open forum implied in publication could redress any tendency to bias.

The discussion on this subject revolved largely round the projected official histories of the war. Much was made of the unrivalled chance which the official historians enjoy, and of the contribution which historians can make to such a project, both by preserving material and personal knowledge which would otherwise be lost, and by using material which will be preserved but which will be incomprehensible to those who have not seen the system at work.

PUBLICATIONS OF THE SOCIETY

REPRINTS OF ECONOMIC HISTORY CLASSICS

- No. 1. *England's Treasure by Foreign Trade*. By Thomas Mun. Price 3s.
Published by Messrs B. H. Blackwell, Broad Street, Oxford.
Full members of the Economic History Society may each obtain one copy for 1s. 6d. through the Hon. Secretary of the Society.

BIBLIOGRAPHIES AND PAMPHLETS

- No. 1. *The Industrial Revolution, 1750-1850, a Select Bibliography*. By Eileen Power.
Published by the Economic History Society.
Out of Print.
- No. 2. *Air Photography and the Evolution of the Cornfield*. By E. Cecil Curwen.
Second Edition.
Price 1s. to non-members, 6d. to members.
- No. 3. *The Industrial Revolution, A Study in Bibliography*. By T. S. Ashton.
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- No. 4. *Economic and Social History. A Book List for Schools*. By A. F. W. Pratt.
Price 1s. 6d. to non-members, 1s. to members.

Members of the Economic History Society may obtain at reduced rates by applying through the Hon. Secretary:

Adam Smith as Student and Professor. By W. R. Scott.

Published by Jackson, Son and Co., Ltd., Glasgow, 1937. Price £1. 10s.; to members of the Society, £1.

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